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B. Balassa. Chronological file
April - August 1970



1081684

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Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970

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August 31, 1970

Mr. Otto Liebling
Herzfeld & Stern
635 Madison Avenue
New York, N.Y. 10022

Dear Mr. Liebling,

I would appreciate your letting me know the latest prices of my municipal bonds. You may use this letter in providing the information requested.

<u>Description</u>	<u>Price</u>
Tenn Nashville NHA 5 $\frac{1}{2}$ 08/01/98	...
New York N.Y. NHA 3 3/8 01/01/92 JJ	...
New York State H/F/A 1 $\frac{1}{2}$ Due 11/1/96	...

Many thanks.

Sincerely yours,

Bela Balassa

August 26, 1970

Mr. Donald Lamm
W. W. Norton & Co. Inc.
55 Fifth Avenue
New York, N.Y. 10003

Dear Mr. Lamm,

Will you please send one copy of the paper-back version of Economic Growth in Japan and the USSR by Angus Maddison to Mr. Ferenc Janossy, Felvinci ut.22, Budapest II, Hungary. The bill should be sent to Mr. Balassa.

Sincerely yours,

Secretary to
Bela Balassa

August 25, 1970

Centre Europeen de Coordination de
Recherche et de Documentation en Sci-
ences Sociales
Universite Libre de Bruxelles
Institut de Sociologie
Brussels
Belgium

Dear Sirs,

Please send me one copy of "Les disequilibres
regionaux en Europe: regions en retard des pays in-
dustrialises. Regional Disequilibria in Europe: Back-
ward Areas in Industrialized Countries. A multina-
tional comparative research", and bill me as follows:

Bela Balassa
Professor of Political Economy
Director, European Research Project
The Johns Hopkins University

August 25, 1970

Columbia University Press
440 West 110th Street
New York, N.Y. 10025

Dear Sirs,

Please send me one copy of Kenen and
Lawrence, The Open Economy and bill me as
follows:

Bela Balassa
Professor of Political Economy
Director, European Research Project
The Johns Hopkins University

August 25, 1970

The Economists' Bookshop Ltd.
Clare Market
Portugal Street
London W.C.2.
England

Dear Sirs,

Please send me one copy of the following books
and bill me as indicated below:

H.M. Stationery Office, Britain and the European
Communities: An Economic Assessment (Cmd. 4289)

Capital Markets in Europe published jointly by
the Amsterdam-Rotterdam Bank, Deutsche Bank, Mid-
land Bank and Societe General de Banque, 1966

G. McCrone, Regional Policy in Britain, Allen
and Unwin, 1969, paperback

C. Layton, European Advanced Technology: A Pro-
gramme for Integration, Allen and Unwin, 1969

Sincerely yours,

Bela Balassa
Professor of Political Economy
Director, European Research Project
The Johns Hopkins University

August 25, 1970

Princeton University Press
Princeton
New Jersey 08540

Dear Sirs,

Please send me one copy each of Barzanti,
The Underdeveloped Areas within the Common Market
and Patterson, Discrimination in International
Trade, the Policy Issue 1945-1965, and bill me as
follows:

Bela Balassa
Professor of Political Economy
Director, European Research Project
The Johns Hopkins University

Comments on the Nagy-Török Paper

I find your effort to extend the application of the RAS method from a two-dimensional to a three-dimensional trade matrix useful and interesting. The paper represents an advance over Waelbroeck's method of separately estimating future trade flows for particular commodity groups as it ensures the consistency of the industry group and the global projections. My questions relate to the practical application of the method.

I understand that model No. I did not provide meaningful results. But I wonder if it is appropriate to arbitrarily change the margins in model No. II without trying to find a rationale for it. As to model No. III I missed a detailed discussion of the assumptions. Also, I was puzzled by the statement on the prospective effects of the expected future advance of the integration process between EEC and EFTA since this is not reflected by the estimated vectors and the structural coefficients that were used in making projections.

Indeed your projections show trade rising much more rapidly among the EEC countries than between the EEC and EFTA. This is so despite the fact that the rates of growth of EEC trade with partner countries and with outsiders are projected to be less dissimilar (your statement on p.18 is somewhat unclear on this point). However, according to the projections, the share of EFTA in EEC markets will decline to the benefit of CMEA, North America, and other developed countries (mainly Japan).

At the same time, it is hardly surprising that "the network forecast of world trade for 1970, 1975 and 1980 shows steadiness of trends in structural changes" (p.12) since this result is a necessary consequence of the forecasting methods applied. But the farther we go ahead in time, the greater are the error possibilities in the results since regions that were dynamic in the 1955-65 period might become less so a decade or so later. Incidentally, properly inter-

puted, your results do not show equalizing tendencies; to judge these, one cannot compare the absolute magnitude of trade flows which depend on the size of the region but would need to consider e.g. exports and imports per head. At any rate, irrespective of the definition chosen, the trends observed in the EEC and, especially, in developing countries are diminishing rather than equalizing trade.

Turning to the gravitational model of socialist countries and their trade partners, my problem is with parameter estimates for the former (Table 15). It is not clear how we get such high correlation especially since some of the parameter values are rather strange and, I presume, have high standard errors. To my mind, it would be more interesting to indicate the deviations of the actual observations for the socialist countries from the theoretical values derived from the complete model.

August 21, 1970

Mr. Don Wallace, Jr.
Institute for International and
Foreign Trade Law
Georgetown University
511 E Street N.W.
Washington D.C, 20001

Dear Mr. Wallace,

Thank you for your invitation to attend the conference on "Problems of European Direct Investment in the United States" at the Brookings Institution in October. I do not know at this time if I can attend any of the sessions but would appreciate receiving the program of the conference.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

August 21, 1970

Mr. Joel Bergsman
The Urban Institute
2100 M Street N.W.
Washington D.C. 20037

Dear Joel,

We are progressing with the calculations on the cost of protection; the results will be completed by the time I return. Incidentally, your formulas and results are both changing in the process. Let us get together in the first week of September to iron out things.

Mr. Silcock of the Bank has edited your chapter. Would you please look it through by the time of our meeting. I have not had the time to read his suggested corrections and changes.

Sincerely yours,

Bela Balassa

August 21, 1970

Professor Harry G. Johnson
The University of Chicago
Department of Economics
Chicago
Illinois 60637

Dear Harry,

As I indicated in my letter to Herbert Grubel, it will be possible for the Bank to finance travel for Schyd-lowsky, Tan, Sussman and myself to the Geneva conference. Mr. Andrew Kamarck, Director of the Economics Department, also informed Gardner Patterson on this.

To come to a different matter, I have just seen a very interesting paper by Ronald Findlay which deals in an objective fashion with the Bruno-Krueger and Balassa-Schyd-lowsky methods. I am told that the paper will be published in Bhagwati's new journal. I enclose a copy.

Sincerely yours,

Bela Balassa

August 21, 1970

Professor Luis Eugenio Di Marco
Universidad Nacional de Cordoba
Facultad de Ciencias Economicas
Cordoba
Argentina

Dear Professor Di Marco,

Enclosed are two copies of my paper "Industrial Policies in Taiwan and Korea" for inclusion in the volume in honor of Raul Prebisch. I would appreciate your letting me know the expected date and language/s of publication.

With best regards,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

August 21, 1970

Mr. Donald S. Lamm
W. W. Norton & Co. Inc.
55 Fifth Avenue
New York, N.Y. 10003

Dear Don,

I need another ten copies of the revised, paperback version of "Changing Patterns in Foreign Trade and Payments". Please charge the amount payable to my royalty account.

Sincerely yours,

Bela Balassa

August 21, 1970

The President
McGraw-Hill Publishing Co. Inc.
McGraw-Hill Building
330 West 42nd Street
New York 36, N.Y.

Dear Sir,

Despite the fact that on July 30 I repeated my order of July 13 for ten copies of the paperback version of my Trade Liberalization among Industrial Countries: Objectives and Alternatives, I have received neither the books nor a reply.

I would appreciate attention to this matter as I urgently need the books.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

copies sent: Messrs. Montias
Grossman
Nagy
Mrs. Andrea Deak

August 21, 1970

Professor Morris Bernstein
The University of Michigan
Department of Economics
Ann Arbor
Michigan 48106

Dear Professor Bernstein,

I am sorry to say that due to unforeseen circumstances I have been delayed in finishing my paper on "The Firm in the New Economic Mechanism in Hungary". What I have at this stage is a first draft, practically without footnotes, that does not yet incorporate material from Hungarian publications of the last two years.

I am sending you a copy of this draft for information; other copies are being mailed with a carbon of this letter to Messrs. Montias and Grossman who are writing general papers as well as to Mr. Nagy who will comment on my paper. The revised version will be prepared in about a month and will be sent to you on stencil as requested.

Sincerely yours,

Bela Balassa
Professor of Political Economy

August 21, 1970

Mr. Joseph Kraft
3021 N Street N.W.
Washington D.C.

Dear Joe,

Sorry for the delay in sending you my
culinary guide, but I presume you have not
been to Paris since we spoke.

You might be interested in having for
reference a collection of papers I edited on
trade and payments. I enclose a copy.

Sincerely yours,

Bela Balassa

August 21, 1970

Mr. Francis Seton
Nuffield College
Oxford
England

Dear Mr. Seton,

Thank you for your letter of August 14.
I have no objection to your using the material
contained in my forthcoming book. Needless to
say, I would like to see the results and would
ask you to give the appropriate reference to
my book, "The Structure of Protection in De-
veloping Countries", to be published by the
Johns Hopkins Press.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

GERARDO M. BUENO
NACIONAL FINANCIERA S.A.
APARTADO POSTAL 353
ISABEL LA CATOLICA 51
MEXICO 1, D.F.

m August 21, 1970

FR

MEXICO

ARRIVING SUNDAY AUGUST 23 AT 2253 HOURS EASTERN FLIGHT 907

BELA BALASSA

Bela Balassa

Economics

BBalassa:alj

STAT 221(5)

August 19, 1970

Mr. Zoltan Kenessey
United Nations
New York, N.Y.

Dear Zoltan,

Many thanks for your letter of August 3 and the enclosure. Indeed Mr. Schydlofsky is one of my collaborators and he acted on my behalf, but without informing me in advance.

I would greatly appreciate it if you could send me these specifications for the products indicated on the enclosed list. May I also ask you to provide me with a list of intermediate products for which you have specifications available. We would be especially interested in having product specifications on plywood, cement, bricks, glass bottles and rolled products (bars and structural steel).

Please be assured that this information will be held in strict confidence. It will be applied in a research project carried out at the World Bank under my direction.

I had a pleasant stay in Hungary in June. I will send you a copy of my paper on the role of the firm in the new economic mechanism in a few weeks.

Sincerely yours,

Bela Balassa

c.c. Mrs. Hughes

Consumer Goods

01.102	a	Flour, all purpose
01.132	a	Milk, canned, evaporated
02.112	a	Percalé, broadcloth
	b	Cotton broadcloth yard goods
	c	Polyester/cotton broadcloth yard goods
04.31	c	Compact refrigerator, electric, 4 cu.ft. (3/70)
04.34	d	Iron, electric dry (4/70)
04.36	a	Sewing machine (4/70)
04.4	h	Tumbler, 8-oz.
06.11	a	New automobile, Volkswagen, 1969 Deluxe 2-door sedan, 4-cylinders
06.12	a	Bicycle, boy's 26" wheel diameter, standard model
06.21	a	Storage battery, automotive type, 12 volt, not installed
	b	Tires, tubeless, black sidewall, white sidewall
	c	Tire, tube type, third line, 5.20 x 13 (4/70)
	d	Tire, tube type, third line, 6.00 x 13 (4/70)
07.11	a	Television set, black and white, portable, 18" diagonal, area: 172-180 sq.in.
	b	Radio, table model
07.32	c	Lead pencil
	g	Ballpoint pen (3/70)
08.2	a	Toilet soap
	b	Tooth paste, tube

Equipment

14.2-1	Passenger car
14.6-1	Bicycle
14.6-2	Motor Cycle (scooter)
15.21-1	Tractors
15.7-3	Pumps
16.1-1	Motors, small
16.3-1	Incandescent Lamp
16.3-3	Auto Battery

August 19, 1970

Dr. Herbert Grubel
Department of Economics
University of Pennsylvania
Philadelphia, Pa.

Dear Herbert,

This is to inform you of my participation in the Geneva conference on effective protection. Please note also that the Bank is willing to finance the trip for Messrs. Schydrowsky, Tan, Sussman and myself.

There is, however, a problem with Sussman since so far much of the work has been done by one of his collaborators, Mr. Baruch. Sussman tells me that he suggested to you that both of them go to Geneva or, if this is not possible, Baruch makes the presentation. I don't find the latter solution acceptable since Baruch does not have the intellectual status of the others. May I ask you to hold your answer to him until I call you after my return from Mexico in the first days of September,

Sincerely yours,

Bela Balassa

August 19, 1970

Dr. Zvi Sussman
Joint Director
Research Department
Bank of Israel
Jerusalem
Israel

Dear Dr. Sussman,

I was sorry to hear of your mother's illness. I hope that she is better and you can proceed to London without worries.

There seems to have been a slip-up in the dates noted in my letter. The preliminary results of your study are to be made available by mid-1971 and not mid-1970. Also, the final version can be submitted by December 1971.

The arrangement suggested for the Geneva meeting might cause some difficulties. It would not provide a solution for Mr. Baruch to appear by himself. As the possibility for both of you participating, I will discuss this with Grubel after his return from vacation.

Looking forward to receiving a short statement of your work and wishing you a pleasant stay in London, I remain,

Sincerely yours,

Bela Balassa

P.S.

The Hungarian papers have arrived about ten days ago.

OFFICE MEMORANDUM

TO: Mr. Herman G. van der Tak

DATE: August 19, 1970

FROM: Bela Balassa

SUBJECT: The Little-Mirrlees Method

1. I find your latest memo (August 14, 1970) in several respects unsatisfactory. In particular, I take exception to the statements you address to me in Para 1 of the memo: "You now claim that your earlier reference to the August 1969 paper dealt only with part of the problem and that you dealt with at least some of the other aspects in another paper (of May 1969 or 1970?) which I have not seen. As a result, I may have misconstrued what you intended to say, although I can hardly be accused of having misread what you actually did say".
2. First of all, my August 1969 paper did contain a statement on the scope of the paper that could not have escaped the attention of a careful reader. This statement was referred to in Para 2 of my memo of August 11, 1970, and it is now quoted in full: "In the discussion, we have concentrated on some of the major issues of project selection and have not considered a variety of problems that bear on the evaluation of industrial projects, such as the implications of underemployment ^{for} project selection" (Para 3.37).
3. Problems related to underemployment and factor market disequilibrium in general were discussed in my paper of May 1969 (not 1970) which you have not only read but commented on in great detail. And while you might conceivably plead faulty memory since the copy with your comments is in my files, you could have avoided misstating my position had you consulted my memo of April 3, 1969 which summarized the views I expressed at a small meeting you also attended.
4. Your statement on the identity of the results obtained by the LM and SER methods also contains several errors. To quote: "L-M do not necessarily measure the shadow wage rate in terms of consumption at world market prices. They only do so when they need to take account of the savings effect; otherwise they measure the cost of labor in terms of its marginal productivity. That is exactly what the conventional project analysis method, and presumably you, would do in such circumstances. Both the conventional and the L-M methods thus end up with identical sets of relative prices. The only difference is that Little converts wages into foreign currency, while the conventional method converts, inversely, tradeables into domestic currency. I still fail to see why these methods should come up with different answers, as long as both make identical assumptions about the basis for the shadow rate adjustment. You reach a different conclusion only because you think that both methods must necessarily make different assumptions concerning the appropriate shadow wage rate".
5. You continue to misinterpret LM on the opportunity cost of labor. Using the formula on p.162 of their Manual to which I referred in Para 5

of my memo, it is immediately apparent that if there is no savings effect (i.e. saving and consumption have the same social value, and hence $s_0 = 1$) and there is no underemployment in agriculture ($c = m$), the opportunity cost of labor will equal its consumption. Nor could LM have measured the cost of labor in terms of its marginal productivity for the simple reason that the world market value of labor's marginal product cannot be observed. Indeed, one of the principal merits of LM is that they get around this problem by utilizing the well-known equality of marginal productivity and wages and measuring them as the world market value of labor's consumption. LM and SER will nevertheless give different results because the implicit conversion ratio used in expressing wages in world market prices (the average ratio of the domestic prices of wage goods to their international prices) is not generally equal to the shadow exchange rate (the rate that would keep the balance-of-payments in equilibrium under free trade conditions).

6. These results have nothing to do with the shadow wage rate adjustment. In fact, rather than making different assumptions about the basis for such an adjustment as you allege, I have shown that my conclusions follow irrespective of whether the labor market is in equilibrium or not; in the latter case, the shadow rate should be derived in the same fashion under LM and SER in order to assure comparability (Paras 4, 5, and 8 of my memo of August 11, 1970). What you seem to have missed is that making the same assumptions concerning the appropriate shadow wage rate does not assure its identity in two situations where relative prices differ.

7. So much for the substance of the controversy. While I do not plan further correspondence on this matter, I will analyze alternative methods of project evaluation in some detail in a forthcoming paper which is referred to in my memo to Baldwin.

cc: Messrs. Chadenet, Baum, Baldwin, Piccagli, Rovani, B.King, Berrie, Hogg, Lipkowitz, Takahashi, Kamarck, Reutlinger, Krishnaswamy, H.Adler, Schlesinger, Gittinger, Stevenson, Kalmanoff, Qureshi, Gulhati and Files

BBalassa:alj

August 19, 1970

Miss Trudy Zintl
Department of Political Economy
The Johns Hopkins University
Baltimore
Maryland 21218

Dear Trudy,

Enclosed is my Fall 1970 reading list for typing. There are a few changes in the list itself, plus the additions on the separate sheet. These items are numbered and the corresponding number is on the reading list.

Sincerely yours,

Bela Balassa

P.S.

Will you please get the enclosed Statement officially stamped in the Registrar's office and forward it to: Awards Service, The Canada Council, 140 Wellington Street, Ottawa 4, Canada.

August 18, 1970

Miss Teresa Jeanneret
M34 Sage Hall
Cornell University
Ithaca
New York 14850

Dear Teresa,

Thank you for your letters of July 24 and 28. I am afraid that we couldn't make changes in the estimates of petroleum derivatives at this stage; at any rate, I wouldn't worry about it since it does not affect the whole picture. The same comment pertains to the treatment of indirect taxes.

I have made the corrections you suggested with the exception of the reference to petroleum on p.30. I wonder if you could suggest some better explanation than a "probable error".

I enclose the revised version of "Evaluation and Policy Recommendations" with the request that you review it.

Sincerely yours,

Bela Balassa

Mr. K. Bohr and Mr. G. Kalmanoff

August 18, 1970

Bela Balassa

Leslie E. Grayson

Enclosed is the curriculum vitae of Leslie Grayson. I talked to you about some time ago. Grayson will be available for short-term assignments; his interest and experience is in the industrial area. I believe that he will be doing some work for the Bank in the near future in connection with a project on Pakistan.

BBalassa:alj

le 18 aout, 1970

Mme. Marthe Nochy
Librairie de Seine
93 rue de Seine
Paris VI^e
France

Chere Madame,

Veuillez trouver ci-enclos un cheque
de 151.40 francs. Je m'excuse pour le delai.

Avec mes remerciements sincerés,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

Special Delivery

August 18, 1970

Lic. Gerardo Bueno
Gerente
Nacional Financiera
V. Carranza 25
Mexico 1, D.F.
Mexico

Dear Gerardo,

In Mr. Kamarck's absence the letter of invitation has been received by Mr. Alexander Stevenson, the Deputy Director of the Economics Department. He has passed it over with a positive recommendation to Mr. Gutierrez, the Director of the Central America and Caribbean Department, who is expected to approve the request in a day or two.

I will be arriving on Sunday evening, August 23, at 22.53 hours; flight EA.907 from Baltimore. I appreciate your thoughtfulness in offering to pick me up at the airport. As regards the work in the following week, let me repeat the requests I made on the telephone.

1. I would like to have all written material available on import licensing and export subsidies.
2. I would like you to make appointments for me with officials of the Ministry of the Treasury and the Ministry of Industrial Trade. It would be appropriate to start at high levels and to see lower officials afterwards. Should high officials, however, not be able to see me early in the week, we would change the order.
3. Appointments should also be made with private industrialists and especially with officials of industrial associations.
4. I would further like to see people I know personally, preferably at lunch or dinner. These include Urquidi, Marquez, Wionczek, Solis, Silva, Mancera, and Gleason.

-2-

Appointments could be made starting Monday noon; this would give us a chance to talk on Monday morning.

Looking forward to seeing you,

Sincerely yours,

Bela Balassa

August 17, 1970

Professor Jean Waelbroeck
Free University of Brussels
Department of Applied Economics
49 rue du Chatelain
Brussels 5
Belgium

Dear Jean,

In your letter of August 3 you provide a description of your Common Market paper rather than^{of} the paper on the effects of value added taxation. However, as I indicated in my letter of July 16, it is the latter that is of interest to Hopkins as well as to the IMF. Could you please provide a short description?

Sincerely yours,

Bela Balassa

Messrs. A. Kamarck and A. Stevenson

August 17, 1970

Bela Balassa

Study on "The Decision-Making Process in Urban Administration"

1. I profess lack of familiarity with the topic of Katherine Marshall Johnson's paper and my comments are essentially those of an outsider. Nor do I know the original purpose of commissioning the study. I therefore present only some rather general observations.

2. The author shows familiarity with problems of urbanization in developing countries. But the paper is essentially a description of various problems encountered in five selected cities, more-or-less loosely related to some general considerations and followed by what appear to be sensible recommendations. Also, it seems to me that the author falls between two stools. She could have provided either a rigorous discussion of the problems of cities in developing countries with a few examples or could have written a case study on a single city and attempted to derive some general conclusions from it. What we have instead is a rather choppy narrative, derived mostly from secondary sources which might not have provided comparable information in each particular case.

3. In deciding whether the paper be included in our Working Paper series, one would have to consider the purpose of the series as well as the cost involved. I presume that this is designed to make available the work of the Economics Department to those interested. Katherine Marshall Johnson's paper may offer little for the specialist and it seems to have limited usefulness for those unfamiliar with urban problems. Considering also the relatively high cost involved due to the length of the paper, I would somewhat reluctantly advise against its inclusion in the Working Paper series.

BBalassa:alj

Mr. Edgar Gutierrez

August 17, 1970

Alexander Stevenson

Advising on Protection Policy in Mexico

The enclosed letter of invitation was received from Nacional Financiera. Mr. Balassa had discussions on the subject with Messrs. Lerdaun and Nelson and we would make him available to advise Mexican governmental authorities on protection policy if you consider this desirable.

BBalassa:alj

Mr. Bela Balassa

August 17, 1970

Alexander Stevenson

Terms of Reference

You are requested to travel to Mexico City to advise governmental organizations on policies of protection in Mexico. Your advisory task will include import protection as well as export promotion.

cc. Mrs. Armstrong

BBalassa:alj

OFFICE MEMORANDUM

TO: Mr. George Kalmanoff

DATE: August 17, 1970

FROM: Bela Balassa

SUBJECT: Draft Report on Mining and Manufacturing in Morocco

1. I have read the draft report on Morocco except for ch.IV on the principal branches of industry. With a few exceptions noted below, I agree with the conclusions and recommendations of the report, but I see a need to improve the presentation. Differences in the structure of chapters IV, V and VI make things somewhat difficult for the reader who has to go back and forth among the chapters. I would suggest that you establish an exact parallel among the three chapters by following a brief discussion of strategy with a description of particular policies in the same order. In this way one can ensure that every major problem is discussed in the three chapters and repetition can also be avoided. You might also wish to consider combining chapters V and VI; should you however decide to keep them separate, it would be desirable to transfer all recommendations (e.g. that on export subsidies at the bottom of p.V-3) to ch.VI. Let me add further that the writing is rather choppy and, especially in the early chapters, the discussion of some of the topics seems incomplete. I enclose a few specific comments on particular points.
2. As regards specific policy recommendations, one should indeed strive to provide equal treatment to exports and import substitution but this goal can hardly be achieved if a variety of gimmicks is used in promoting exports. Experience shows that it is difficult to gauge the value of such measures to exports and they may provide inducements to the wrong kind of exports. I would therefore turn around your recommendations and suggest that Morocco should rely on particular measures only as a last resort if the EEC Treaty does not permit the imposition of straight export subsidies. Nor should such subsidies be restricted to "carefully selected fields" but be provided to all exports with exceptions in cases where Morocco has a dominant position in export markets or quotas applying in foreign countries. In such exceptional cases, one may even consider levying export taxes; thus, such taxes would be appropriate in the case of phosphates if Morocco had a large share in foreign markets.
3. I have doubts concerning your recommendations on "backward integration" in agriculture. Without cost studies, it is difficult to say if some of the crops referred to in your memo might not be as costly as sugar. As to the latter, comparisons with world market prices can be misleading since most countries protect (subsidize) sugar production and the world market became a dumping ground for surplus produce. Cuba is the only major exception to this observation, I believe.
4. I query the political feasibility of some of the recommendations. While I would agree that e.g. food processing is not an appropriate field for public firms, the change-over might be politically explosive and, due to the lack of entrepreneurs, difficult. I also wonder if one should not be more

cautious in recommendations made for foreign investment, given the apparent intention to "Moroccanize" the economy. More generally, you could state the long-term policy goals with an indication of the steps that might be taken to approach and to eventually realize these. This would avoid giving the impression that all improvements should be made overnight.

BBalassa:alj

Specific Comments on Moroccan Report

- II-8 Para 2. I believe that you mean "Value added per employee" rather than "The value added".
- II-9 Do we have data on changes in the share of handicraft? It would be useful to say something on the expansion of modern manufacturing.
- II-12 The expression, "industrial exports", is rather broad. It would be useful to give data under the SITC definition, too. I also think that much of the exports of nondurable consumer goods may be the products of the handicraft industry. If so, this should be noted.
- II-15 It would be useful to relate the discussion of import substitution to changes in the composition of output (II-5). But are the classifications comparable? You seem to include crude oil and fibers among intermediate products in the import table.
- III-1 What are "basic industries"? And what is meant by the phrase "Mining and manufacturing production is to be increased to a maximum determined by professional skills and capital resources"? Some of the skills, and certainly capital, might be used to better advantage elsewhere.
- III-3 How have data averages been calculated? From the economic point-of-view, averaging by the country's own imports has the double disadvantage of causing a downward bias in the estimates and including in the average exempted goods that are rarely produced domestically. For both these reasons, the average will underestimate the degree of protection employed by domestic producers.
- III-5 You state that the procedure of import licensing "seems to work well" without telling the reader about the criteria applied.

Could you provide price information on nondurable consumer goods alone? I have strong doubts about the results for passenger cars, trucks, radios, and television sets. If these products are in fact imported, the price differential will express differences in quality that requires no adjustment.

III-9 Could more be said about the practical application of the investment code?

III-17 If credit is "relatively inexpensive", it is likely to be rationed. How is this done?

August 14, 1970

Dr. Larry E. Westphal
United States Mission-Korea
APO San Francisco 96301
California

Dear Larry,

work on the Plan. Many thanks for your note and for the outline of ~~the work you plan.~~ I have in the meantime found your paper on project appraisal; my assistant got it before I had a chance to see it. Please send me your publications list, however.

Would you be interested in participating in the conference on Effective Protection in December? Or, to put it differently, would you have enough material to present a paper on the problems relating to the estimation of effective protection in Korea? While I cannot make any commitments at this time, I would appreciate your early answer. I enclose a description of the conference; it will be held in Geneva on December 18-20.

We both enjoyed the evenings with you. Hope to see you next time with Myrt and Michelle.

Sincerely yours,

Bela Balassa

August 14, 1970

Professor Nathaniel H. Leff
Columbia University
Graduate School of Business
Uris Hall
New York, N.Y. 10027

Dear Nathaniel,

Thank you for sending me your paper. I
enclose in return a paper on Taiwan and Korea
which will be published in the volume in honor
of Raul Prebisch.

It was good to see you again and I hope
that you will stop by on your next visit to
Washington.

Sincerely yours,

Bela Balassa

August 14, 1970

Dr. H. W. Gottinger
Cambridge YMCA
820 Massachusetts Avenue
Cambridge, Mass. 02139

Dear Dr. Gottinger,

Mr. Balassa will be in Mexico from August 23 for some ten days, so unfortunately you will not be able to meet him. However, Mr. Roger Norton of the Basic Research Center will be pleased to see you at 10.30 a.m. on August 24 in room G.1074. I understand that Mr. Dyck of the Personnel Department has written to you, suggesting that you telephone him for an appointment on arrival at the Bank.

Sincerely yours,

Secretary to
Bela Balassa

August 14, 1970

Mr. D. B. Palmer, Jr.
Womack Hospital
Ft. Bragg, N.C. 28307

Dear Mr. Palmer,

Please excuse the late answer to your letter; I wanted to talk to some friends before replying.

I would be interested in some of your pieces, especially in N-4, N-11, and M-115. I wonder, however, if the Nazca bowls have not been repainted. It is difficult to judge from the picture. Also, I find the prices overly high. One of my friends, a large collector, recently bought a number of Mochicas, both in Peru and at the Parke Bennet gallery in New York at lower prices. Since I have the opportunity to go to Peru from time to time, I would not want to pay prices higher than those in Lima.

I wonder if you plan to be in Washington in the near future. I have several friends who are collecting Peruvian pieces and I think we would all be interested in looking at your collection.

Best regards,

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

August 14, 1970

Professor John H. Power
P.O.Box 173
Quezon City
Philippines

Dear John,

Thank you for your letter of June 23. With the exceptions noted below, I have made all the corrections you suggest.

For Tables 2.2 and 2.3 we used the U.N. Yearbook of National Accounts Statistics. I have checked again ~~with~~ the figures in the tables conform to those in the ~~YIAS~~. I plan therefore to leave the figures as they are; at any rate, differences are small.

We looked again at plywood and veneer. There seem to have been two peaks in exports; in 1959 and in 1964. However, according to the U.N. Yearbook of International Trade Statistics, we use, the share of plywood and veneer has increased again after 1965. I enclose the relevant figures as well as a revised paragraph dealing with the exports of these commodities. Please note also the reference to clothing exports.

Many thanks again for your continuing attention to the chapters. I am glad to say we are in the copy-editing stage and the book will be out some time next spring.

Sincerely yours,

Bela Balassa

Mr. Alexander Stevenson

August 14, 1970

Bela Balassa

Reprints of "Growth Strategies in Semi-Industrial Countries"

I have ordered an additional 125 copies of my paper "Growth Strategies in Semi-Industrial Countries" for distribution to people inside and outside the Bank whose names are contained in the list you earlier approved. I wish to request, therefore, that payment in the amount of \$47.50 be made to the Harvard University Press, according to the enclosed bill.

BBalassa:alj

August 14, 1970

Professor Herbert Giersch
Institut für Weltwirtschaft
an der Universität Kiel
23 Kiel
Dusternbrooker Weg 120/22
West Germany

Dear Herbert,

Many thanks for your letter of August 5 and for sending me the material on monetary integration in Europe. Given my future work on this problem, I will appreciate also receiving the volume when it is completed.

I send herewith my paper on Taiwan and Korea with the request that you include it in an earlier edition than that of mid-1971. Two copies of the paper are enclosed to facilitate matters.


Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. Herman G. van der Tak

DATE: August 11, 1970

FROM: Bela Balassa SUBJECT: Alternative Approaches to Project Evaluation

1. I was puzzled by references in your memo (August 6, 1970) to the "Balassa method" of project evaluation since no such method exists to date. In the paper you cite, I compared two approaches to industrial project evaluation -- the shadow exchange rate (SER) and the Little-Mirrlees (LM) methods -- without taking a position in favor of one or the other; in fact, I suggested that both be utilized in the Bank's work ("Industrial Protection and Project Selection in Developing Countries", August 1969, Para 3.25). My own contribution was to place these methods in the context of a policy of protection.
2. As my August 1969 paper dealt with industrial protection, the section on project appraisal was concerned with the protection-exchange rate issue and I excluded from my purview problems relating to disequilibria in factor markets and the "savings effect" (Para 3.27). The implications of factor market disequilibria for project selection were considered in a technical paper I circulated in the Bank last May. Having noted the need for calculating with a shadow wage rate in the event of underemployment, I suggested that "in such instances marginal productivity in agriculture provides an appropriate indication of the opportunity cost of labor" ("Evaluation of Industrial Projects", May 1969, p.11).
3. Since my statements cited in Para 2 of your memo relate to the case when factor markets are in equilibrium and there is no "savings" effect, your criticisms of these statements in the following paragraphs reveal only that you have misconstrued my argument. Another question is whether the SER and LM methods give identical results if "both are properly and consistently applied" -- as you assert without proof in Paras 1 and 4 of your memo. I will consider this question under alternative assumptions.
4. If factor markets are in equilibrium and there is no "savings effect", the difference between the two approaches to industrial project selection pertains to the valuation of tradeables and nontradeables. The SER method values nontradeables (nontraded goods and productive factors) in domestic prices and uses a shadow exchange rate to convert the world market value of tradeables into domestic prices; conversely, the LM method values nontradeables in world market prices so as to assure comparability with the valuation of tradeables that are expressed in such prices. The two methods would give the same result under free trade conditions where the actual and the shadow exchange rates coincide. They generally give different results, however, under protection.
5. If, for example, higher tariffs are imposed on wage goods (i.e. the commodities consumed by the wage earners) than on other commodities, the supply curve of labor will shift upwards and the domestic price of labor will rise compared to the prices of other inputs. Distortions in relative

prices are not remedied by adjusting for the difference between actual and shadow exchange rates under SER since such an adjustment will equally affect all tradeables; by contrast, in expressing wages in terms of the world market value of labor's consumption, the LM method preserves world market price relations (Little-Mirrlees, "Manual of Industrial Project Analysis", p.162). Thus, relative prices will differ under the two approaches and LM will favor labor-intensive methods as compared to SER.

6. The conclusions are not affected if we break down nontraded inputs into tradeable and nontradeable components by going back in the input-output chain. Your contention notwithstanding, there is no difference in this regard between SER and LM; the "decomposition" of nontraded inputs into tradeables and non-tradeables had been suggested by Tinbergen long before LM was devised and it was also taken up in a joint paper by Daniel Schydrowsky and myself (Journal of Political Economy, May/June 1968). The point of the matter is that while there is no difference between SER and LM as to how far one follows the input-output chain, they differ in the valuation of primary factors we find at the end of the chain (together with tradeables). Here again the considerations noted in Para 4 apply; the results will depend, among other things, on the extent of protection of wage goods.

7. You are also incorrect in alleging that "L-M, at the end, in practice, also use a conversion factor (the inverse of the shadow exchange rate) for valuing non-traded goods in terms of foreign currency". As, at the end of the chain, nontraded goods are fully decomposed into primary factors and tradeables, there will be no need for a conversion factor; Little and Mirrlees recommend its use only for "some fairly unimportant input" (p.152) for which decomposition is not fully carried out. At any rate, the conversion factor will not equal the inverse of the shadow exchange rate since the latter but not the former is derived by taking account of the relevant domestic demand and supply elasticities.

8. I turn now to the case when factor markets are in disequilibrium. Such a situation will require adjustments in the calculations under both the SER and the LM methods; in the case of underemployment, we will have to use a shadow wage instead of the actual wage. Under certain simplifying assumptions, the shadow wage can be taken to equal the marginal productivity of labor in agriculture as suggested, among others, by Little & Mirrlees and myself. According to L&M, this is to be estimated as the world market value of the average wage received by agricultural labor, calculated on an annual basis (p.172). Thus, we are back to the problems noted in Para 7: LM measures the value of the consumption of agricultural labor in world market prices while the shadow wage is expressed in terms of domestic prices under SER. The results then will again differ under the two alternatives. Nor is this conclusion affected by the introduction of a "savings effect".

9. To conclude, for purposes of making a choice between the shadow exchange rate and the Little-Mirrlees approaches to project evaluation, they have to be compared under identical assumptions made in regard to the treatment of non-traded goods, the valuation of wages, labor's consumption, etc. We can then consider, separately or simultaneously as need be, the degree of refinement to be introduced in valuing inputs and the relative advantages and disadvantages of the two methods. Such a choice may be made independently for industrial,

agricultural, and social overhead-type projects since, as I noted in my memo to Baldwin, the importance of the exchange rate problem differs among them. All in all, much is to be done on the problems of project selection, and this will require rigorous analysis -- theoretical as well as empirical -- rather than unsupported statements.

cc: Messrs. Chadenet, Baum, Baldwin, Piccagli, Rovani, B.King, Berrie, Hogg, Lipkowitz, Takahashi, Kamarck, Reutlinger, Krishnaswamy, H.Adler, Schlesinger, Gittinger, Stevenson, Kalmanoff, Qureshi, Gulhati and Files.

BBalassa:alj

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

Registered

August 11, 1970

Norman M. Morris Corporation
Service Department
301 E. 57th Street
New York, N.Y. 10022

Dear Sirs,

I am in receipt of the note from your Service Department, D.19797. There seems to have been a misunderstanding since I wrote to you concerning a defect in my watch and did not request a maintenance service. As I used the watch only for a few days, there is no need for this. At the same time, according to the guarantee for the watch you, as the United States Omega Agent, have an obligation to "service and correct possible defects free of charge".

In my letter of July 9 I requested that you replace my defective watch with a new one. Should this not be possible, please correct the defect per the guarantee. I enclose the original copy of the guarantee with the request that you return it to me.

Sincerely Yours,

Bela Balassa

August 11, 1970

Graduate Reserve Room
Eisenhower Library
The Johns Hopkins University
Baltimore
Md. 21218

Dear Sir,

Enclosed are my reserve lists for 18.341
International Economics and 18.641 International
Economics for the fall term.

Please note that the list for 18.341 in-
cludes books as well as articles on the same sheet;
they are separate for 18.641.

Sincerely yours,

Bela Balassa
Professor of Political Economy

Mr. Alexander Stevenson

August 10, 1970

Bela Balassa

Geneva Conference on Effective Protection

The enclosed concerns Gardner Patterson's letter to Mr. Kamarck. The letter was dated August 5 and it might not have arrived before his departure.

B.Balassa:alj

Mr. Andrew M. Kamarck

August 5, 1970

Bela Balassa

Position Papers for Coordination Committee on Industrialization

Enclosed is a draft of the memo we talked about yesterday. Ken Bohr has read it and agrees with its contents.

I would like to emphasize that the suggested position papers on particular issues are not the ones described in Stevenson's memorandum to Helen Hughes dated March 20. I find the latter overly general. and Ken seems to agree.

I would like to suggest that a small meeting be called with the participation of Qureshi, Gulhati, Kalmanoff, Lipkowitz and several representatives of the Economics Department to discuss my memo.

cc. and cleared with Mr. Bohr

BBalassa:alj

August 4, 1970

~~July~~

Sir George Williams University
Ecole des Hautes Etudes Commerciales
Montreal PQ
Canada

Dear Sirs,

Please will you send me one copy of
"The Two-Gap Theory of Development Recon-
sidered with Special Reference to Turkey"
by A. Martens.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

OFFICE MEMORANDUM

TO: Mr. George B. Baldwin

DATE: August 4, 1970

FROM: Bela Balassa

SUBJECT: The Little-Mirrlees Method

1. I appreciate your sending me your back-to-office report, memo, and notes on the June 30-July 1 informal DAC meeting concerning the application of the Little-Mirrlees method of project selection. Your disclaimer notwithstanding, you appear to fully understand the L-M method. As you correctly state in the underlined passage of Para 2 of your memo: "Most of the distinctive elements in the Little/Mirrlees method have to do with the problem of translating domestic-currency values into the numeraire international value without resort to a conventional shadow foreign exchange rate." For this purpose they express all cost items directly in world market prices while, in the Bank's practice, costs measured in domestic prices are adjusted for the difference between the actual and the shadow exchange rate in cases where such an adjustment appears necessary.

2. From your notes, it appears however that Little continues to bring up the old chestnut that, if one considers all direct and indirect effects, the two approaches will give the same result (p.3). Apart from rather special circumstances which have no practical importance, this will not be the case. To give an example, as long as we at the Bank calculate with actual wages while the L-M approach entails estimating the world market cost of labor's consumption, the two will differ since actual wages are affected by the protection of the commodities workers consume.

3. This and some other points are made in Part 3 of the enclosed paper, "Industrial Protection and Project Selection in Developing Countries", I prepared for Mr. McNamara in August 1969. Parts 1 and 2 of the paper have been issued in revised and expanded form under the title "Industrial Protection in Developing Countries" (EC-175); Part 3 will provide a basis for an Economics Department Working Paper as noted in my memo of July 31, 1970 (the expression "Occasional Paper" in the memo was in error). I could conceivably prepare a draft of the paper by October if this would be of usefulness for the meeting you plan to organize.

4. In my paper, I consider the applicability of the L-M approach to industrial projects where this approach is of greatest interest. This is the case since the L-M approach purports to avoid the difficulties related to the calculation of shadow exchange rates that has plagued the evaluation of industrial projects. As the exchange rate problem is of much less importance for non-industrial projects, there is less to be said in favor of applying the L-M approach to such projects while, as you note, the information requirements of the approach are considerable.

cc. (without enclosure) Messrs. Chadenet, Baum, Piccagli, Rovani, B.King, Berrie, Hogg, Lipkowitz, Takahashi, Kamarck, Reutlinger, van der Tak, Krishnaswamy, H.Adler, Schlesinger, Gittinger and Files
Stevenson, Kalmanoff, Qureshi, Gulhati

BBalassa:alj

August 4, 1970

Dear Hollis,

I have found in my files two memoranda I had earlier prepared on the organization of economics work in the Bank. The first of these, prepared as a comment on a report by A. D. Little & Co. in early 1967, has been largely overtaken by the events since many of the Divisions I referred to do not exist any more. Still, Para 3 to 5 and 8 to 10 have not entirely lost their relevance.

The second memo, prepared over two years ago, again reflects my view that research activities could be usefully separated from operational work in the Economics Department. Since the memo was prepared, the Basic Research Center has been established and my research on development strategies has begun. These activities in part correspond to the ideas expressed in the memo.

I have been told that you'll be at the Bank on August 6. I will be here all day if you should want to see me.

Sincerely yours,

Bela Balassa

Aug 4

May 14, 1970

The MacMillan Company
866 Third Avenue
New York, N.Y. 10022

Dear Sirs:

Please send me one copy of the
following and bill me at professional
discount:

Burmeister and Dobell, Mathe-
matical Theories of Economic
Growth (31711)

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4

~~May 14, 1970~~

The Free Press
60 Fifth Avenue
New York, N.Y. 10011

Dear Sirs:

Please send me one copy of the
following, in paperback, and bill me
at professional discount:

McKee, Dean, and Leahy (eds.)
Regional Economics: Theory and
Practice (92053)

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4
~~May 14~~, 1970

Cambridge University Press
32 East 57th Street
New York N.Y. 10022

Dear Sirs:

Please send me one copy of the
following and bill me at professional
discount:

P.J.D. Wiles (ed.), Predicting
Communist Economic Performance

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4
~~May 11~~, 1970

Markham Co.
3322 West Peterson Avenue
Chicago
Illinois 60645

Dear Sirs:

Please send me one copy of the following and bill me at professional discount:

S. Bowles-D. Kendrick, Notes and Problems in Microeconomic Theory

Sincerely yours,

Bela Balassa
Professor of Political Economy

P.S.
Send the paperback edition please.

Aug 4
~~May 14, 1970~~

University of Toronto Press
Front Campus
University of Toronto
Toronto 5, Ont.
Canada

Dear Sirs:

Please send me one copy of the
following and bill me at professional
discount:

Richard E. Caves and Grant L.
Reuber, Canadian Economic Policy
and the Impact of International
Capital Flows.

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4
~~May~~ 14, 1970

The MIT Press
50 Ames Street
Cambridge, Mass. 02142

Dear Sirs:

Please send me one copy of the
following and bill me at professional
discount:

William D. Nordhaus, Invention,
Growth and Welfare: A theoreti-
cal Treatment of Technological
Change.

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4
May 14, 1970

Harvard University Press
79 Garden Street
Cambridge, Mass. 02138

Dear Sirs:

Please send me one copy of the following
and bill me at professional discount:

Anne P. Carter, Structural Change in the
American Economy (LC 73-99516, SEN 674-
74370-3)

Samuel Bowles, Planning Educational Systems
for Economic Growth

Sincerely yours,

Bela Balassa
Professor of Political Economy

Aug 4
May 13, 1970

Cambridge University Press
32 East 57 Street
New York N.Y. 10022

Dear Sirs:

Please send me one paperback copy
of Parker and Harcourt's Readings in the
Concept and Measurement of Income, and
bill me at professional discount.

Sincerely yours,

Bela Balassa
Professor of Political Economy

August 3, 1970

Professor Thad P. Alton
Columbia University
Research Project on National Income
in East Central Europe
635 West 115th Street
New York, N.Y. 10025

Dear Thad,

On my visit to Budapest last June I saw Mr. Zoltan Roman, the Director of the Hungarian Institute of Industrial Research. During our conversation I made mention of the work done on Hungarian industry in the framework of your Research Project. Mr. Roman was not familiar with your work and expressed an interest in it. I indicated to him that I would ask you to send him copies of your blue cover reports on Hungary. I would appreciate it if you could do so.

I still have not received the reprints of the article I wrote with Trent Bertrand on "Growth Performance of Eastern European Economies and Comparable Western European Countries". I will send you one as soon as they arrive.

Sincerely yours,

Bela Balassa

c.c. Mr. Roman

August 3, 1970

Professor Kuo-shu Liang
Department of Economics
National Taiwan University
5 Lane 98
Chi-Lin Road
Taipei
Taiwan

Dear Professor Liang,

Many thanks for your comments on my Taiwan/Korea paper as well as for sending me your dissertation "Foreign Trade and Economic Development in Taiwan 1952-67". I read your study with interest and I agree with much of what you say. The following few points are made for further improvement in case you consider publication.

You argue that "an attempt to reduce absorption may not be able to establish external equilibrium in developing countries ... The most favorable way to budge a trade gap appears to be the availability of some form of foreign aid and/or the stimulation of foreign capital inflows" (p.35). I certainly agree with the last sentence in the quotation but one also has to consider what policies a country may follow in the absence of foreign aid.

Your discussion of the foreign exchange constraint in Taiwan is very interesting. Your effort to provide numerical estimates is marred, however, by the assumption that the ICOR would have remained unchanged between 1952 and 1967 (pp.45-47). You should have made separate calculations for individual sub-periods; there is no reason to assume that these figures would be more subject to error than those for a 15-year period.

I also question the conclusion: "Since foreign transfers more than filled the gap between the imports the Taiwan economy required for its development and the earnings it derived from its exports, it was also obvious that some part of foreign transfers actually supplemented the supply of savings" (p.51). One should not forget that aid has also permitted the imports of nonessential commodities.

As to effective protection, I question your assumption that input tariffs were 25% in all industries (p.72). Furthermore, I do not quite see that it would not matter for the analysis whether value added at world market prices is positive or negative. One last point, it would have been useful for the reader if you said more about the changes in import restrictions over time.

I have not heard for a while from Dr. Lee and would like to be informed how the work is progressing.

With sincere regards,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Andrew M. Kamarck

August 3, 1970

Bela Balassa

Geneva Conference on Effective Protection

As indicated in the enclosed letter from Harry Johnson, a Conference on Effective Protection is planned for December 18-20, 1970. Among our contributors to the 'Structure of Protection in Developing Countries' project, Stephen Guisinger and John Power have been invited to participate (Power will not be able to go); among contributors to our new project, Schydrowsky, Sussman, Tan and myself are included in the program.

It is expected that GATT and the Graduate Institute of International Studies in Geneva will be jointly financing the Conference. If and when the GATT Board approves the proposal, Gardner Patterson will write to you asking that the Bank covers the travel expenses of those participants who are also contributors to the 'Development Strategies in Semi-Industrial Countries' project. This would involve a cost for us only in the case of Schydrowsky and myself; Sussman and Tan will be coming for our own meetings in Washington to be held a week before the Conference, and Geneva can be included on their round-trip ticket without additional cost. Schydrowsky's travel could be charged to the 'Development Strategies in Semi-Industrial Countries' project while mine would burden the Department's budget.

Given the importance of the Conference and the benefit we would derive from participation both in the form of comments on our work and general discussions on the subject, I would like to suggest that you reply favorably to Gardner Patterson's request when it arrives.

BBalassa:alj

Mrs. Helen Hughes

August 3, 1970

Bela Balassa

"Development Strategies in Semi-Industrial Countries"

I sent you earlier a list of consumer goods received from Irving Kravis. Enclosed is now a list of producer durables. I suggest that we decide on the commodities for which detailed comparisons will be made and ask for the product specifications from the U.N.

BBalassa:alj

August 3, 1970

Mr. Carl McMillan
Carleton University
Department of Economics
Colonel By Drive
Ottawa 1
Canada

Dear Carl,

Your Chapter II would require a certain amount of re-working in order to bring it to the same level as the other chapters. The discussion on comparisons of aggregate ratios is rather unclear as you seem to be switching assumptions in mid-stream. I have written some suggestions for improvements in the margin. I also suggest that you take a close look at the comparability of dollar, trade rouble and domestic rouble data. Perhaps you could write a short note on this so that I as well as other readers better understand what you are doing here.

I have also made some marginal notations on the remaining part of the chapter. My main problem is that you don't explain some of the figures and fail to follow up the discussion of particular problems. I don't seem to have received your Chapter VI. Could you please send me a copy. Send me also another copy of the comparisons based on my March 1969 AER article; I have misplaced the copy that was appended to your chapter. I will have my assistant check this.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. L. J. Walinsky

DATE: July 31, 1970

FROM: Bela Balassa

SUBJECT: Protection in East Africa

1. I agree with the mode of presentation of the results on effective protection in East Africa, and I share your concern regarding the error possibilities in the estimates for individual industries. The form you have chosen illustrates the implications of low domestic value added for industrial protection while escaping the kind of objections that would have been raised against detailed numerical estimates. Still, there are a few improvements in the argument you may wish to make.

2. There is first the question of the definition of effective rates of protection. Apart from the Lewis-Guisinger study on Pakistan, effective protection has been defined with respect to world market value added, and this definition has a relatively simple economic interpretation. It has also been used in this form in Bank reports and in "Industrial Protection in Developing Countries" I have prepared for the Board. While I have suggested to you to experiment with the Lewis-Guisinger formula in detailed estimates, I wonder if one should introduce it in the summary presentation you have adopted. At any rate, if you do so, it will have to be properly defined since otherwise people are bound to be confused.

3. Another question relates to the treatment of domestically produced inputs. In defining the effective protection of a particular activity, it is customary to lump these together with imported inputs. The reason is that, as long as the producer has to pay for his material inputs a price higher than the world market price, it makes no difference to him where the inputs originate. You seem to handle this question rather ambiguously. While in the text you give the impression that value added was defined by deducting from production value only imported inputs, the 20-30 percent value added share you repeatedly cite must exclude both imported and domestically-produced inputs. Now, under the correct definition of value added, effective rates will be lower than you have calculated them; moreover, tariff rebates on inputs will not suffice to eliminate the margin of protection from the cost of material inputs as such rebates do not affect the cost of domestically-produced inputs.

4. These considerations point to the need for reworking the examples shown in Para 63 and 64. Apart from using the customary formula, I would reduce the emphasis you give to drawbacks. Furthermore, you should indicate what e.g. 100 percent effective protection means, noting that the figure represents an overestimate because the exchange rate is lower under protection than it would be otherwise (cf. Para 1.11-1.19 of "Industrial Protection in Developing Countries"). Last but not least, it would be desirable to emphasize the fact that the exercise is based on the assumption that domestic prices equal the sum of c.i.f. import prices and the tariff. Whenever domestic competition reduces the price below this limit (this is likely

to be the case especially for textiles and food), the effective rate of protection will be overestimated. By contrast, quotas may raise the domestic price above the sum of the import price and the tariff, thereby raising the effective rate of protection.

5. As to the calculation of the effective rate of protection for manufacturing as a whole, you seem to have succumbed to the fallacy of aggregation. Value added of 20-30 percent for individual manufacturing industries does not mean that a 25 percent figure would be applicable to manufacturing as a whole, since "aggregate" value added is raised by the amount of industrial inputs produced in domestic manufacturing industries. Thus, depending on the extent of verticality, the value added share may be 30, 35, or even 50 percent. At any rate, you have to "account" for the difference between the value of output (100) and the sum of value added and the cost of imported inputs (25 + 35 in the example).

6. I like your discussion of the possible consequences of effective protection in East Africa; the emphasis on the high protection of low value-added activities is especially well taken. The point on consumers paying "50, 75, 100 and more percent higher" is, however, unclear. Consumers are charged the nominal not the effective tariff and you earlier gave lower figures for nominal rates. Moreover, in discussing discrimination against exports, you should separate traditional exports from the potential exports of manufactured goods.

7. I come now to the question of project evaluation. In Para 104-105 you endorse the Bruno criterion which combines direct and indirect value added. I have criticized this in various places, including the Methodological Appendix of my book The Structure of Protection in Developing Countries where I have shown that using direct value added we get back to the effective protection concept. More importantly, DFC is using my formulation rather than Bruno's. I enclose the Methodological Appendix; you already have the "Industrial Protection in Developing Countries" paper.

c.c. Messrs. Kamarck
Collier
Horsley

July 31, 1970

Dr. Anne P. Carter
Director of Research
Harvard University
Harvard Economic Research Project
1583 Massachusetts Avenue
Cambridge, Mass. 02138

Dear Dr. Carter,

Thank you for your invitation to chair one of the sessions at the Fifth International Conference on Input-Output Techniques. While my plans for next January are rather uncertain at this time, I hope that I will be able to accept your invitation. May I ask you to let me know the exact date of the Conference and whether travel expenses will be taken care of by the organizers.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

OFFICE MEMORANDUM

TO: Mr. Louis M. Goreux

DATE: July 31, 1970

FROM: Bela Balassa

SUBJECT: Study on Unemployment and Labor-Capital Substitution

1. You may recall that I had reservations on a short proposal of a study of employment you sent to me some months ago. These reservations do not apply to the present proposal which is well-formulated and holds considerable promise. Nevertheless, I would like to raise a few points.

2. The first point relates to the Singh study (Aggregate Employment Functions: Evaluation of Employment Prospects in the IDCs) which I now had the chance to read. His model represents a pioneering effort to explain employment trends by reference to the demand for, and the supply of, labor in the nonagricultural sectors. But his conclusions are at the same time too optimistic and too pessimistic. He expresses the view that, with a 2 percent annual rate of growth of per capita incomes, the problem of employment will be "more tractable" by 2000 as the rate of economic growth necessary for the full absorption of the increment in the supply of labor by the nonagricultural sectors (Singh's L**) will be lower than in 1970. It is apparent, however, that these "required" growth rates would still imply a 4 to 6 percent annual increase in per capita incomes, i.e. much higher than the postulated 2 percent. Should this be cause for despair? I would hardly think so. Indeed, industrial countries such as the United States and Germany, reached L** only during the nineteen-thirties, yet they had been progressing rapidly beforehand.

3. The crux of the matter lies in the growth of demand for agricultural products and in the international division of labor. If population is rising at a rapid rate, not only will the supply of labor increase but so will the demand for agricultural products. This demand can be satisfied from home production and from imports; countries that reached L** at an early stage, had a comparative disadvantage in agriculture and increasingly shifted from domestic production to imports. One should not assume this pattern to be relevant for the present-day developing countries, however; in most of these countries, economic growth is not likely to be accompanied by higher average import/consumption ratios in agriculture. It follows that in projecting employment trends, account needs to be taken of the increase in demand for agricultural commodities and for agricultural labor.

4. These considerations are neglected by Singh who regards agriculture as the "dump" for labor not used elsewhere. They could be incorporated in the model, however, if this is reformulated by adding a demand function for agricultural labor. In such a function, one would have to include labor productivity in agriculture as independent variable; moreover, in the projections, prospective changes in productivity would need to be forecast.

5. As regards the studies on substitution between labor and capital, my main queries related to data availability and cost. I have doubts concerning

the possibility of estimating the actual cost to the entrepreneur of "meaningful strata" of capital (p.12). Furthermore, the question arises as to what procedure will be followed in carrying out the industry studies of Part III. Census data are not likely to provide answers to all the questions raised while field work is time-consuming and expensive.

6. Not having read the paper on the Ivory Coast model, it is not clear to me whether estimation is made from actual data or simulation will be used. While I presume that data are available for the agricultural model of the North, I wonder if this is the case for labor supply classified by skill and for migration. Needless to say, in the absence of such data, the results of the model will greatly depend on the assumptions made in regard to those magnitudes.

cc. Mr. Kamarck

BBalassa:alj

OFFICE MEMORANDUM

TO: Mr. Shlomo Reutlinger

DATE: July 31, 1970

FROM: Bela Balassa

SUBJECT: Back-to-Office Report - DAC Meeting in Paris

I have just had a chance to read your Back-to-Office Report dated July 16, 1970, in which you note that the Germans and the Canadians are adopting the Little-Mirrlees model of project appraisal. I was surprised, however, by your statement that "the IBRD approach is basically very similar to the approach advocated".

As I noted in Part 3 of "Industrial Protection and Project Selection in Developing Countries" (dated August 1969), there are two major approaches in evaluating industrial projects: the first involves estimation at domestic prices with an adjustment for the overvaluation of the exchange rate as compared to the free trade situation (the shadow exchange rate), whereas the second entails making calculations directly in world market prices so that there is no need to estimate the shadow exchange rate. The Bank has been using variants of the former approach while the latter is adopted by Little and Mirrlees.

In the Bank's work, calculations have traditionally been made in domestic prices; IFC is now experimenting with adjustments for shadow exchange rates and DFC also contemplates making such adjustments in project appraisal reports. While we have had much discussion of the Little-Mirrlees approach at the Bank, both on the occasion of Little's seminar last year and in connection with subsequent work on the evaluation of industrial projects, this has not been applied so far. In my paper, I have advocated the use of both approaches, with emphasis on the implications of differences in the assumptions underlying the two; I plan to extend the analysis in a revised version to be circulated in the form of an Occasional Paper. IFC is also working on this problem.

c.c. Messrs. Kamarck
Stevenson
van der Tak
Baum
Baldwin
King
Krishnaswamy
Adler
Gittinger
Kalmanoff
Lipkowitz
Qureshi
Gulhati

BBalassa:alj

July 31, 1970

Dr. Marcelo Selowsky
Casilla 10001
Santiago de Chile

Dear Marcelo,

Mina Neufeld told me about the discussions at the 14th ECIEL Conference in Buenos Aires and about the work you have been doing on the methodology for the Industry Efficiency study. In the Development Strategies in Semi-Industrial Countries project, we plan to do some limited comparisons in industrial costs among the six countries included in the project. It would be of great help to us if you could send me the methodology as soon as this is complete.

Let me say again that I am sorry that I will not have your collaboration in my research project. It seems, however, that in Colombia and Argentina we can proceed more-or-less on schedule.

Looking forward to seeing you after your return to the States next January, I remain,

Sincerely yours,

Bela Balassa

July 31, 1970

Mrs. Helen Wells
Editorial Assistant
Bobbs-Merrill Reprints
The Bobbs-Merrill Co. Inc.
College Division
4300 West 62nd Street
Indianapolis, Ind. 46268

Dear Mrs. Wells,

Thank you for your letter of July 15. I am familiar with the Bobbs-Merrill series as some months ago I was asked to help Professor Cooper in the selection of the articles on international trade. Unfortunately, due to other obligations I could not participate.

I am glad to see that one of my papers is scheduled for inclusion in the reprint series. I also agree with the royalty arrangement except that as the custom of the Quarterly Journal of Economics is to let authors get the entire royalty from reprinting, I wonder if you could follow this practice in regard to my paper. Also, while I do not need complimentary copies of my own paper, I would appreciate receiving all your reprints on international trade and economic development.

I enclose a reprint of my paper; unfortunately, I am unable to send two copies.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Thomas H. Silcock

July 31, 1970

Bela Balassa

Zaidan Paper

I enclose material from my file on the Zaidan paper.
Please return it to me after perusal.

BBalassa:alj

Mr. H.J. James Dyck

July 31, 1970

Bela Balassa

Dr. H. W. Gottinger

Some time ago I sent you a note concerning H.W. Gottinger. He now informs me that he will be in Washington on August 24. I planned to see him but it now seems that I will be in Mexico on that date. I have informed Mr. Goreux about this ^{and} he expressed an interest in Gottinger. I wonder if you might also wish to see him. From August 2 he can be reached at the Cambridge YMCA, 820 Massachusetts Avenue, Cambridge, Mass. 02139.

BBalassa:alj

July 30, 1970

Dr. H. W. Gottinger
Jahrbuch der Wirtschaft Osteuropas
Osteuropa-Institut München
8 München 80
Scheinerstrasse 11
West Germany

Dear Dr. Gottinger,

Thank you for your letter of July 8.. I would like to meet you on your visit to Washington in August but it appears probable that I will be in Mexico at that time. Should I not be here, I will arrange meetings for you with representatives of the Basic Research Center and Personnel.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Mr. Louis M. Goreux

July 30, 1970

Bela Balassa

Dr. H. W. Gottinger

You may recall that I sent you a few months ago the curriculum vitae of H.W. Gottinger of the University of Munich. Gottinger now informs me that he will be in Washington on August 24. I planned to see him but it now seems that I will be in Mexico on that date. Since I am told that you will be in Europe, you might perhaps want Roger Norton or someone else to see him.

BBalassa:alj

July 30, 1970

Mr. Willy Sellekaerts
Michigan State University
Graduate School of Business Administration
Division of Research
East Lansing
Mich. 48823

Dear Mr. Sellekaerts,

Thank you for your letter of July 20 informing me of the progress made on the volume in honor of Professor Tinbergen. It is my plan to write a paper on industrial project appraisal and I expect to be able to complete it by January 15 or shortly thereafter.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 30, 1970

McGraw-Hill Publishing Co. Inc.
McGraw-Hill Building
330 West 42nd Street
New York 36, N.Y.

Dear Sirs,

I have not yet received the ten copies
of the paperback version of Trade Liberaliza-
tion among Industrial Countries: Objectives
and Alternatives which I ordered on July 13.

Please will you send them by return
mail.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Home Address

2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

July 30, 1970

Kultura Konyv-es Hirlap
Kulkereskedelmi Vallalat
Period. Exp. Dept./Hne/FJ
Budapest 62
Postbox 149
Hungary

Dear Sirs,

I am in receipt of your undated letter according to which the 1970/2 and 4 issues of Kozgazdasagi Szemle are not available. I am rather surprised that this is the case in regard to the April issue since I ordered the periodical on March 24, 1970, i.e. before the no. 4 (April) issue appeared. I would greatly appreciate it if you could make every effort to obtain a copy of this issue as well as of no. 2 since my purpose in ordering was to have a complete set. I would like to add that I have not received the 1970/3 and 4 issues of Penzugyi Szemle. Please send these by return mail.

In answer to your letter of May 20, 1970 I wish to inform you that the amount due to me for any missing issues, including those of Penzugyi Szemle in 1968, should be used to extend my subscription into 1971. I wish to add that I plan to continue my subscription to these two periodicals beyond 1971 also.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: July 30, 1970

FROM: Bela Balassa

SUBJECT: Comments on Per Eklund, "Taxation and Earmarking in Developing Countries"

1. Mr. Eklund presents a case for earmarking in developing countries. The study provides much interesting material but it conveys the impression that the author has a cause to defend. This impression is strengthened by the separation of the discussion of the benefits (Ch.IV-Ch.VII) and the costs (Ch.VIII) of earmarking. In so doing, Eklund has neglected to mention some of the deficiencies of earmarking that are related to the points made in its favor, especially in Chapter VI. Combining Chapters IV, V, VI, and VIII, with a discussion of the advantages and disadvantages of earmarking under each heading would provide a better balance. It would further be desirable to expand the rather brief case study on the Philippines and to provide more case studies. But my principal suggestion is one of surgery: I do not see much usefulness in Chapters II and III. The chapters are poorly written, some of their major conclusions are open to doubt, and they are not necessary for establishing the usefulness of earmarking in certain situations. In the following, I will concentrate on these chapters.

2. I find it difficult to accept the view that bargaining will lead to the Pareto-optimal value of (h) that reflects the distribution of the fiscal burden between two groups. As Eklund correctly notes, this situation is comparable "to a market situation of bilateral monopoly or of isolated barter" (p.13). As is well-known, bilateral monopoly and isolated barter do not lead to a Pareto optimum or, for that matter, to a stable equilibrium. The same conclusion applies to the distribution of the fiscal burden since each group will try to get more public goods for less of a reduction in private expenditure. Eklund does not provide a solution to this problem by stating: "In order to reach the solution point P, through negotiating and bargaining, it is necessary to assume that each party has power and ability 'to defend its own interest'" (Annex Ch.II, p.4). Nor do I see the similarity to the case in "ordinary welfare economics" where prices are given. At any rate, in bilateral monopoly, the fixity of prices does not assure a Pareto-optimal solution.

3. Eklund himself notes that "a major criticism of the theory has ... arisen because it can be demonstrated that ... the revelation of preferences which the Lindahl model assumes, is going to suffer from imperfections" (Annex to Ch.II, p.6). Subsequently, however, he rather disingenuously argues that in the case of public goods "a fuller revelation of preferences will take place" (*ibid*, p.7). I would rather agree with the statement made in Ch.III that "consumers will be reluctant to reveal their preferences" and that "there is an incentive for the consumer to understate his preferences" (p.17). At any rate, Eklund provides no proof that a stable equilibrium would be reached if preferences were known.

4. Eklund further suggests that Pareto-optimality cannot be guaranteed by majority voting (p.19) and "that explicit assigning or earmarking may be necessary to achieve Pareto-optimality" (Annex to Ch.II, p.8). He fails to note, however, that earmarking may not only lead away from a Pareto optimum but also reduce welfare as compared to a situation obtainable under majority rule. For one thing, earmarking constrains particular expenditures to revenues derived from particular taxes; for another, it provides incentives for overspending.

5. The presumption is also made that, in the absence of earmarking, less than the optimal amount would be spent. In this connection, Eklund approvingly quotes Lindahl's statement according to which "if Parliament were presented only with the totals of the tax bill and of public services ... there is only one way to avoid a contraction of public services harmful to all; each must undertake to pay a greater share than the other towards the cost of those services which each finds most useful" (p.19). Such a presumption is not generally valid, however. Thus, earmarking would restrict spending if minority groups had strong preferences for certain types of expenditures to the exclusion of others while combining several items would command a majority.

6. The example in Annex I, too, leads to the conclusion that the vote should be taken on "budgetary packages" rather than on individual issues which leads us away from earmarking. Indeed, in a parliamentary democracy the voters do choose among "packages" presented by the various political parties rather than voting on individual issues. The financing of state expenditures in the United States provides an exception but one may question if this is the optimal procedure (cf. the recent rejection of bond issues destined to improve education). In this connection, I may add that the one-paragraph criticism of the U.S. Federal budgetary system is gratuitous and out of place in the paper.

7. As regards minority groups, Eklund asserts that "an earmarking arrangement would be both less unstable and more credible and therefore a more desirable form of contract" (p.22). I do not see the logic of the argument; for the minority group it will make little difference if there is earmarking or not and the potential threat of the breakup of the majority exists equally in the two cases. Nor do I see that earmarking would be a substitute for decentralized decisionmaking on the regional level, while earmarking in the state budgets of the U.S. and Switzerland can hardly be explained by their federal structure.

8. Turning to the applicability of the theoretical model to real world situations, Eklund advances some additional arguments in favor of earmarking in developing countries, such as the existence of unstable majority coalitions, political interference in the administration, and administrative inefficiency. The first point is well-taken although I find it difficult to accept the view that at a low stage of development people would be more individualistic and hence the society more heterogeneous. In turn, political interference in administration and administrative inefficiencies do not necessarily speak for earmarking; earmarking, too, creates vested interests and inefficiencies may be greater in the handling of earmarked revenue than elsewhere. At any rate, the considerations noted here can be introduced without reference to Lindahl's theory.

c.c. Messrs. Stevenson
Eklund
Editorial Committee
BBalassa:alj

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: July 29, 1970

FROM: Bela Balassa

SUBJECT: Comments on S. K. Bhatia, "The Current Cost of Urbanization in Pakistan"

1. In his paper on the cost of urbanization in Pakistan Mr. Bhatia has considered some general issues in the economics of urbanization. While one can agree with some of his statements, such as the use of marginal rather than average costs in the evaluation of the cost of urbanization, the decision rules he suggests for public and private investment in urban areas are open to objections. In the following, I will consider the explicit or implicit assumptions underlying these decision rules; some comments on specific points are appended to this note.
2. According to Bhatia, the distribution of capital expenditure on urbanization is optimized when the current average social overhead expenditure per person (for short, CASOE) and the current marginal social overhead expenditure per person (for short, CMSOE) become equal (p.42). He adds that "following this method, capital expenditure for social services would be allocated on the basis of the economic potential of the urban center" (p.58). Furthermore, he suggests that as a result of the capital investment undertaken, "the current average social overhead expenditure would increase ... but the current marginal social overhead expenditure per person would decline" (p.41).
3. The last statement presumably reflects the assumptions that, in Diagram 2, a city presently is between the intersection point of the CASOE and CMSOE curves and the minimum point of the CASOE curve, and that capital investment involves a "stretching" of the curves. Alas, the curves have been incorrectly drawn; the CMSOE curve must intersect the CASOE curve at the minimum point of the latter. This being the case, both CMSOE and CASOE will be rising to the right of the intersection point so that new investment will lower both. And while the two diverge in the stretch between the minimum points of each, capital investment in that area would take them further away, rather than nearer to, their intersection point.
4. At any rate, as the decision rule is formulated in regard to individual cities, it may increase differences in CMSOE, and in CASOE, among cities. Now, even if we follow Bhatia in assuming that the "benefits generated in different urban centers will not vary significantly" (p.7), the new investment will not be optimally allocated since no account is taken of the different positions of the cost curves. This conclusion is strengthened if we consider the likelihood that the benefits will not be the same everywhere.
5. A further assumption underlying the proposed decision rule is that capital is costless. Thus, Bhatia considers only the decrease in marginal costs due to the new investment without taking account of the efficiency of investment in bringing about the desired reduction in marginal costs. Yet, the volume of investment necessary for a given decline in CMSOE will be larger in a congested

city than elsewhere. Accordingly, as capital is hardly costless in developing countries, a form of cost-benefit analysis would be called for.

6. It should be added that the properly formulated decision rule for public investment in urbanization should also be applied in allocating provincial expenditure which Bhatia shows to be of major importance in Pakistani cities (p.25). It is rather surprising, therefore, that he suggests the application of a different decision rule in this case. In his view, "if the provincial government grants were allocated on the basis of the percentage distribution of the labor force, a basis would be provided whereby these grants could be allocated according to the economic potential and contribution of each of these cities" (p.9). This is now a different interpretation of economic potential from that cited above in Para 2. Neither of the two appears acceptable.

7. As regards private investment in urban areas, the following decision rule is proposed: "the location of non-raw material-based private production activities should be determined where the total private production cost and the marginal social overhead expenditures per person are at a minimum" (p.45). This rule is not clearly formulated, and clarity is not helped by the example designed to illustrate it. Thus, Bhatia suggests that a cement plant of 1.0 million ton capacity should be located at Rawalpindi rather than at Karachi because this would involve a saving of Rs.44,880 a year on social services. In arriving at this result, no account is taken of the fact that the differences in production costs reported by Bhatia (Rs.63.78 per ton in Karachi and 79.97 in Rawalpindi) would involve an annual saving in production cost of Rs.16.2 million if the plant is located in Karachi. It should be added that, as long as CMSOE is not an "equilibrium" figure, it should not be used in the calculations without appropriate adjustments. Last but not least, Bhatia again forgets about the revenue side of the picture which in this case relates to the net price of cement this firm can obtain in Karachi and in Rawalpindi. Needless to say, the net price will depend on the distance of the plant from markets for cement.

8. These considerations, as well as the specific comments appended to the note, call for a rethinking and reformulation of the paper. A possible avenue is to suggest (a) the introduction of a tax-subsidy system in order to impose the long-run social cost of urbanization on the private entrepreneur; (b) the use of cost-benefit analysis for decisions on public investment; (c) the development of meaningful criteria for the distribution of provincial grants, based on (b) as well as on other considerations, such as differences in per capita incomes. Finally, the assumptions of the paper should be carefully stated and the logical steps leading to the conclusions indicated.

c.c. Messrs. Stevenson
Please
Westebbe
Bhatia

BBalassa:alj

Specific Comments

on

S.K. Bhatia, The Current Cost of Urbanization in Pakistan

Bela Balassa

Introduction

- p. 1 I doubt the validity of the statement "It is generally assumed that the measurement of cost [of urbanization] is a simple matter".
- p. 2 I can hardly believe that any economist would assume that the optimum size of the city is infinite as implied by (a). There seems to be general agreement that there is an optimum size, while opinions differ as to the point where this is reached.
- p. 4 Bygones are bygones, but the cost of future capital expenditures needs to be considered. Indeed, much of the paper deals with the allocation of new investments but, curiously, the cost of these investments is disregarded.
- p. 4 The last sentence on the page is unclear and it is not followed up in the text.
- p. 5 (a) Relevance unclear.
- (b) The expression "welfare services" is incorrectly used in this context.
- (c) The assumptions made here do not apply to the numerical examples of the text.
- (d) Diagram and conclusions are incorrect.
- p. 6 Economic potentiality is ill-defined.
- p. 7 (i) Intercity differences in CMSOE and CASOE may also reflect differences in the position of the curves.
- (ii) There is no reason to assume benefits to be the same everywhere.

p. 8 The conclusion that provincial grants should be distributed on the basis of the percentage of the labor force is not adequately substantiated.

p.10 The relationship between the "downpayment growth poles" and the equalization of incomes is not clear.

Ch.I

p.15 Why would the size of the nonagricultural labor force be the only determinant of the demand for social services? Under this decision rule, "agrovillages" would be neglected and intercity differences in age distribution disregarded. Thus, enrollment in primary schools, one of the indicators of social services used by Bhatia, hardly depends on the size of the nonagricultural labor force.

p.19 The meaning of the formula should be explained. Do the letters refer to absolute magnitudes or to rankings? It should be the latter.

p.25 As Karachi places second in terms of social indicators, it can hardly be said that "its relative position in social indicators is comparatively low".

p.25 The conclusion is, at best, a platitude.

Ch. II

p.28 I do not find the reason given for the exclusion of capital expenditures acceptable.

p.29 The discussion of "double-counting" and of adjustments in the data is unclear.

p.35 The statement on the possible lack of a "real change" in CASOE does not jibe with information on the general price index.

p.37 It is not clear how the data of Table 14 have been derived. Does

the heading of the first column (1965-66) refer to changes between 1964-65 and 1965-66 while in Table 12 the same heading relates to 1965-66? Clarification is also needed on the inclusion of fixed costs in current expenditures. Elsewhere in the paper, Bhatia appears to exclude fixed costs.

p.37 It is doubtful that we could derive CMSOE from changes in governmental expenditures between any two years. First, data may vary from year to year due to special circumstances (e.g. nonrecurrent expenditures). Second, there is no reason to assume that the amount of social services per person would have remained unchanged between the two years. Third, the rise in "marginal costs" may simply reflect the depreciation of new investments.

p.38 Here again the argument would be helped if references were made to optimum city size.

p.39 I do not quite see the relationship between CMSOE and the social indicators actually used. Why would CMSOE be higher in a city where there are fewer hospital beds per person?

Ch. III

p.45 The formulation of the minimization condition is unclear. And how about revenue?

p.47 It is not clear why the suggested method would not be applicable in case of the expansion of existing facilities.

Ch. IV

pp.49-51 It should be indicated if the regression results are statistically significant, and at what probability level.

p.51 There seems to be a contradiction between the single and the multiple correlation results for East Pakistan. At any rate, the number

of observations is so small that little significance can be attached to the result.

Ch.V

See my general comments.

July 28, 1970

The Brookings Institution
1775 Massachusetts Avenue N.W.
Washington D.C. 20036

Dear Sirs,

Please will you send one copy of the paperback version of Stablilization Policies, edited by Ando, to Mr. J. Nusbaumer, Deputy Director, Economics Department, European Free Trade Association, 9-11 rue de Varembe, Geneva, Switzerland. The Bill should be sent to me.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

July 28, 1970

Mr. Zoltan Kenessey
United Nations
New York, N.Y.

Dear Zoltan,

Irving Kravis recently sent me a list of products in the consumer goods area that are considered in your joint project. He also indicated that a similar list on capital goods would be obtainable from you. May I ask you to send me this list for use in our project on Development Strategies in Semi-Industrial Countries.

With best regards,

Sincerely yours,

Bela Balassa

Mr. Andrew M. Kamarck

July 28, 1970

Bela Balassa

Conference on International Comparisons of Prices
and Real Income

I enclose the papers presented at the above Conference together with the comments that have been distributed. The only missing paper is that by Kravis and Lipsey which I lent out earlier. Please let me know if you wish to see it.

BBalassa:alj

July 28, 1970

Mr. Donald J. Hayden
Auchincloss, Parker & Redpath
Two Broadway
New York, N.Y. 10004

Dear Mr. Hayden,

I have not received the May statement for
my account with you (Account No. 78-023302-1, 2,
and 6.) I would appreciate receiving ^{them} it by return
mail.

Sincerely yours,

Bela Balassa

July 28, 1970

Mr. Otto Liebling
Herzfeld & Stern
635 Madison Avenue
New York, N.Y. 10022

Dear Mr. Liebling,

I would appreciate your letting me know the latest prices of my municipal bonds. You may use this letter in providing the information requested.

<u>Description</u>	<u>Price</u>
Tenn Nashville NHA 5 $\frac{1}{2}$ 08/01/98	...
New York N.Y. NHA 3 3/8 01/01/92 JJ	...
New York State H/F/It 1 $\frac{1}{2}$ Due 11/1/96	...

Thank you.

Sincerely yours,

Bela Balassa

July 28, 1970

Mr. K. Netter
c/o Mr. Castel
UNCTAD
United Nations
New York, N.Y.

Dear Mr. Netter,

Thank you for your letter of July 22 which reached me only today. I shall be pleased to see you on July 30 and suggest you telephone my secretary beforehand.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

le 28 juillet, 1970

M. Frederic Boyer de la Giroday
Directeur des Affaires Monetaires
Commission des Communautés Europeennes
200 rue de la Loi
Brussels 4
Belgium

Cher Ami,

J'etais content de vous revoir et de m'entretenir avec vous sur les problemes de l'integration monetaire dans le Marche commun. Veuillez trouver ci-enclos des papiers sur Mandell et Laffer dont je vous ai parle.

Je vous prie de croire, Cher Ami, a mes sentiments les meilleurs.

Bela Balassa

LE le 28 juillet, 1970

M. Robert Marjolin
9 rue de Valois
75 Paris 1e^e
France

Cher Monsieur,

J'etais content de vous revoir et de m'entretenir avec vous sur les problemes de l'integration europeenne. J'espere d'avoir l'occasion de vous consulter de nouveau lors mon sejour a Paris d'ici un an. Veuillez trouver ci-enclos un papier sur Mandell dont je vous ai parle.

Je vous prie de croire, Cher Monsieur, a mes sentiments les meilleurs.

Bela Balassa

Adresse Personnelle
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

le 28 juillet, 1970

Mme. Magda Bilewska
9 rue de Tournon
Paris 6
France

Chere Madame,

La douane francaise a refuse d'accepter
le bordereau de vente parce qu'au lieu de
deux copies roses vous m'avez donne une rose
et une blanche. Comme je serai a Paris dans
quelques mois, je viendrai vous voir pour vous
demander les copies roses a soumettre a la douane.

Je vous prie de croire, chere Madame, a
mes sentiments les meilleurs.

Bela Balassa

le 28 juillet, 1970

M. Pierre Uri
1 Avenue President Wilson
Paris 16^e
France

Cher Ami,

J'etais content de vous revoir et de m'entretenir avec vous sur les problemes de l'integration europeenne. J'espere d'avoir l'occasion de vous consulter de nouveau lors mon sejour a Paris d'ici un an.

Je vous fais parvenir, sous pli separe, quelquesuns de mes papiers que pourraient vous interesser. D'autre part, je vous prie de bien vouloir m'envoyer eventuellement vos etudes sur l'agriculture et d'autres problemes du Marche commun.

Je vous prie de croire, Cher Ami, a mes sentiments les meilleurs.

Bela Balassa

le 27 juillet, 1970

M. Pascal Salin
Centre Universitaire Dauphine
Place du Marechal De Lattre de Tassigny
Paris 16^e
France

Cher Pascal,

J'etais content de vous revoir et
d'avoir rencontrer vos collegues. Veuillez
trouver ci-enclos un petit guide culinaire;
je compte a vous emmener dans un des restau-
rants inclus dans l'ouvrage. lors mon prochain
voyage a Paris.
Amities sincerees,

Bela Balassa

July 27, 1970

Dr. Augustine H. H. Tan
University of Singapore
Department of Economics
Bukit Timah Road
Singapore 10

Dear Augustine,

You should have received by now an invitation from Harry Johnson to participate in the seminar on effective protection to be held in Geneva between December 18 and 20. In order to minimize your travel, I am planning to have the meeting of the contributors in the Development Strategies in Semi-Industrial Countries project a week prior to the Geneva conference. Please let me know by return mail if this arrangement is convenient for you.

Sincerely yours,

Bela Balassa

P.S.

Under this arrangement your ticket provided by the Bank will also cover the cost of travel to Geneva.

le 27 juillet, 1970

M. Alain Cotta
51 avenue Burgeaud
Paris 16^e
France

Cher Alain,

J'etais tres content de vous revoir, Christiane et vous, et je vous remercie de la tres agreable soiree j'ai passee chez vous. J'espere que lors mon prochain sejour a Paris j'aurais le plaisir de vous inviter dans un de mes restaurants preferes.

Mes amities a vous et mes hommages a Christiane.

Tres sincerement,

Bela Balassa

July 27, 1970

Mr. Alexander Swoboda
299 Commugny V.D.
Geneva
Switzerland

Dear Alex,

It was good to see you and Manigeh
and many thanks for the pleasant dinner. I
hope that you will allow me to invite you
to dinner next December in Geneva. Paris is
still too far away but to "prepare" you I
enclose my culinary guide.

Sincerely yours,

Bela Balassa

le 27 juillet, 1970

M. Emil Claassen
23 rue du Conseiller Collignon
Paris 16^e
France

Cher Emil et Beatrix,

Je vous remercie de la tres agreable
soiree et du livre d'Emil que j'ai lu avec
beaucoup d'interet. Voici, en revanche, un
petit ouvrage sur mes restaurants preferes a
Paris. J'espere d'avoir le plaisir de vous
emmener dans un de ces restaurants lors mon
prochain voyage a Paris.

Amities sincerees,

Bela Balassa

July 27, 1970

Mr. Joseph Greenwald
U.S. Ambassador to OECD
rue Andre Pascal, 2
Paris 16
France

Dear Joe,

It was good to see you in Paris and I look forward to longer discussions during my stay ~~in Paris~~ *there* a year from now.

I enclose the summary research proposal of my European project as well as the note on Mundell.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. Stephen Marris
OECD
2 rue Andre Pascal
Paris 16^e
France

Dear Steve,

It was good to see you in Paris and I look forward to longer discussions during my stay ~~in Paris~~ *there* a year from now.

I enclose the summary research proposal of my European project as well as the note on Mundell, and on Mundall and Laffer.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. Jan Tumlir
GATT
Palais des Nations
CH-1211
Geneva 10
Switzerland

Dear Jan,

It was good to see you again and I look forward to our meeting in Geneva in December. I enclose a copy of my paper which was presented to the Board of the Bank.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. Otto Liebling
Hartzfeld & Stern
635 Madison Avenue
New York, N.Y. 10022

Dear Mr. Liebling,

to be I enclose a stub showing an amount of
\$9595 paid. My cheque for \$8500 was sent to
you on July 22.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. Gardner Patterson
Assistant Director-General
Department of Trade Policy
GATT
Villa le Bocage
Palais des Nations
CH-1211, Geneva 10
Switzerland

Dear Gardner,

I have received a reply from Harry Johnson; he has accepted several of my suggestions concerning the participants in the Geneva meeting on effective protection. I expect that we will be able to finance the trip for Schydowsky, Tan, Sussman and myself. For this purpose, it would be useful if you wrote an official letter to Andy Kamarck at the time when your organization will have decided on the financing of the Conference.

I enclose a copy of my paper which was presented to the Board of the World Bank.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. P. Noel Roy
311 Wolfe Street
London
Ontario
Canada

Dear Noel,

I am glad to hear that you have not
abandoned work for the Ph.D. Your topic
sounds fine to me and I look forward to re-
ceiving the first chapters.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 27, 1970

Dr. Lloyd G. Reynolds
Department of Economic History
Research School of Social Sciences
Australian National University
Canberra
Australia

Dear Lloyd,

I have read with much interest your "Essay on Comparative Economics". I find the approach interesting and have especially liked the comparison of policy priorities.

As regards the chapter on economic organization, my main worry is that, by implication, you seem to regard the national economies within each group more-or-less homogeneous while making a sharp distinction among the groups. Expressed differently, you reject "ideal" types but work with "idealized" types. In the enclosed Quarterly Journal of Economics paper I have criticized the distinction among the three groups; you might want to utilize it to "soften" your classification scheme. I also enclose my paper on the Hungarian reform which you might not have seen.

I am in general agreement with your discussion of the relevance of Western economics to the East and the South. On the other hand, I do not quite see what we can learn from the East. I enclose some specific comments on this and on other issues. To save time, I am sending you these comments in draft form.

Best regards to Mary and yourself and best wishes for a pleasant stay in Australia.

Sincerely yours,

Bela Balassa

July 27, 1970

Professor Nicholas C. Pano
The Journal of Developing Areas
Western Illinois University
Maconb
Illinois 61455

Dear Professor Pano,

I do not recommend acceptance of "The Impact of Trade Diversion on Economic Growth: The Case of Central America". I find the paper rather naive. The underlying model is not well articulated and the author offers the same data in three different forms without realizing that calculating several ratios from the same figures does not provide additional information.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 27, 1970

M. Mesnage
Chef de Division
Office Statistique des Communautés Européennes
Bureau de Liaison
200 rue della Loi
Bruxelles 4
Belgium

Dear Mr. Mesnage,

Your letter of June 4 reached me with a delay of over a month, after my return from Brussels. I am sorry to have missed you and I hope to see you on my next visit to the Commission.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 27, 1970

Professor O. H. Brownlee
University of Minnesota
Department of Economics
1035 Business Administration Bldg.
Minneapolis
Minn. 55455

Dear Professor Brownlee,

I am sorry to say that my stay in Paris has been postponed from the second semester of the academic year 1970-71 to the first semester of the following year. I will not be able to go to Tunis therefore as I expected.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 27, 1970

Mr. Ira S. Sacks
1111 Arlington Blvd.
Tyler 420
Arlington, Va.

Dear Mr. Sacks,

You can take only ^{four} ~~five~~ courses for credit.

Indicate which one you want to take for audit.

Sincerely yours,

Bela Balassa
Professor of Political Economy

July 27, 1970

Holiday Magazine
641 Lexington Avenue
New York, N.Y.

Dear Sirs,

I would like to order "Holiday Magazine"
and enclose my subscription for one year. Please
start with the July issue.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970		Barcode No. 1081684		
Document Date July 27, 1970	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Credit Lyonnais				
Subject / Title Account information				
Exception(s) Financial Information iv				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

July 27, 1970

National Geographic Society
17th & M Streets N.W.
Washington D.C.

Dear Sirs,

Would you please send to my home address
one copy of your Archaeologic Map of Middle
America, Supplement to the National Geographic
Magazine of October 1968, vol.134, no.4.

Sincerely yours,

Bela Balassa

July 27, 1970

Mr. Christopher T. Saunders
Economic Commission for Europe
Palais des Nations
Geneva
Switzerland

Dear Christopher,

It was a pleasure seeing you again and I greatly appreciate the help you are giving us in connection with our project. I enclose a copy of my Economica paper on the Hungarian reform and will send you the paper on the role of the firm in the new mechanism as soon as it is finished.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

FROM: Bela Balassa

SUBJECT: Conference on International Comparisons of Prices
and Real Income

DATE: July 24, 1970

On May 22-23, 1970 I participated in the above Conference at York University, Toronto. My contribution is contained in the enclosed paper. The paper will be published in the Proceedings of the Conference.

Other papers presented at the Conference listed in the enclosed program are available on loan from my office.

c.c. Messrs. Chenery
Stevenson
Please
Bohr
Mrs. Hughes

BBalassa:alj

July 24, 1970

The M.I.T. Press
50 Ames Street
Cambridge
Mass. 02142

Dear Sirs,

In conformity with my telephone conversation with Mrs. Barbara Ankeny, the editor of Trade, Balance of Payments and Growth: Papers in International Economics in Honor of Charles P. Kindleberger, I enclose a corrected copy of my contribution to the volume.

With best regards,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

July 23, 1970

Dr. Daniel Schydlofsky
Harvard University
Development Advisory Service
1737 Cambridge Street
Cambridge
Mass. 02138

Dear Dani,

The enclosed table contains (in red pencil) the V_B s for Norway you requested. I have searched for the Mexican data but have not been able to find them, but in Mexico's case the differences between V_B and V_C are very small and you might want to use the latter instead of the former in the calculations.

I look forward to coming to your wedding. May I ask you to convey the acceptance of the invitation to Beverley's parents. Also, would you please send me instructions on how to get there from the airport where I will rent a car.

Sincerely yours,

Bela Balassa

July 23, 1970

The U.S. Consul
Norway

Dear Sir,

This is in connection with Miss Anita Jul-Larson's application for a visitor's visa to the United States. We have invited Miss Jul-Larson to stay with us for about a year and we assume the full financial responsibility for her during her stay in the United States. I would appreciate it if she were granted a visa so that she can join us at the end of September.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

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WBG ARCHIVES

Personal

July 23, 1970

Mr. D. R. Gupta
302 Yojana Bhavan
Planning Commission
Parliament Street
New Delhi 1
India

Dear Mr. Gupta,

Thank you for your letter of July 13. I have written a recommendation for the Bank's Personnel Department as you requested. I hope that you will find an appropriate position at the Bank.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Home Address

2139 Wyoming Avenue N.W.
Washington D.C. 20008

July 23, 1970

Mr. Donald J. Hayden
Auchincloss, Parker & Redpath
Two Broadway
New York, N.Y. 10004

Dear Mr. Hayden,

I talked today to a Mr. Outcault of your Margin Department who found no trace of any request coming from Herzfeld & Stern for the transfer of my account. My broker ~~late~~ Herzfeld & Stern, Mr. Otto Liebling, will now fill out another transfer form and his assistant will be in touch with Mr. Outcault for carrying out the transfer.

I would like to add that apart from the accounts carried at Thompson & McKinnon (account nos. 78-023302-1, 2, and 6), the 50 shares of Hycel I received as a stock distribution are carried on an account with Auchincloss, Parker & Redpath, account no. 5-49-1026-1; a statement to this effect was sent to me on June 26, 1970. I wish to ask that this account also be transferred to Herzfeld & Stern.

Sincerely yours,

Bela Balassa

c.c. Mr. Liebling
Mr. Outcault

Mr. Robert E. Doyle

July 23, 1970

Bela Balassa

Mr. D. R. Gupta

You have no doubt received Mr. D. R. Gupta's updated Personal History form by now. Mr. Gupta was my student at Yale University in the academic year 1963-64. He obtained an honors grade in my courses on micro and macro economics which is usually given to no more than 15% of the students in the class. While I do not recall Mr. Gupta's personal qualifications, I remember that he was an eager and intelligent student who not only learned economic theory but was able to apply it to practical questions.

HBalassa:alj

July 22, 1970

Dr. Mildred E. Courtney
National Bureau of Economic Research
Conference on Research in Income & Wealth
261 Madison Avenue
New York, N.Y. 10016

Dear Dr. Courtney,

I enclose the original of my Comment on "Uses of International Price and Output Data". I am sending a copy to Professor Daly.

I am afraid that my comment has gotten a little long but I had a number of things to say. Let me add here that, not having received a later version, I worked with the copy of Daly's paper that was sent to me before the Conference. Revisions by him might necessitate corrections in my quotations from his paper.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

c.c. Professor Daly

July 23, 1970

Dr. Abram Bergson
Department of Economics
Harvard University
Cambridge, Mass.

Dear Abe,

Please excuse the delay in sending you my "Primer in Culinary Economics". We have been waiting for the reprints of the May 1970 American Economic Review to arrive but they are very belated. I enclose, therefore, the Primer and will send you a reprint when they come.

Bon appetit!

Sincerely yours,

Bela Balassa

July 22, 1970

Mr. Otto Liebling
Herzfeld & Stern
635 Madison Avenue
New York, N.Y. 10022

Dear Mr. Liebling,

I enclose a cheque for \$8500.00 for the purchase of N.H.A. bonds as discussed with your assistant yesterday. The remainder of the amount I owe you for the purchase of the bonds should be taken from the sales of stocks that will be carried out as soon as my account is transferred to you. I have been after the head of the Margin Department, Mr. Whitman, at Auchincloss, Parker & Redpath and will call you as soon as I have some good news.

Sincerely yours,

Bela Balassa

July 20, 1970

Mr. John Gallman
The Johns Hopkins Press
1703 New Hampshire Avenue N.W.
Washington D.C. 20009

Dear John,

Enclosed are the appraisals of "Latin American Economic Integration and the United States" and "Rapid Population Growth: Some Consequences and Development" as promised. I didn't put my name on them since two of the authors of the Latin American volume are good friends of mine. At any rate, it might not be necessary to send my appraisal to them as long as they get Mikesell's.

For reasons indicated in my evaluation, I don't think that we should publish the book on Latin American integration. By contrast, despite the tedium pervading Volume I, I think that National Academy volume would be a good addition to our list.

Sincerely yours,

Bela Balassa

Comments on
Rapid Population Growth:
Some Consequences and Development

Volume I does not make very interesting reading. Indeed, reading is a rather painful process of plowing through a considerable amount of material, much of which is known to those with an interest in the population field. This is not to say that the material presented in the book would not be useful for novices in this area but rather that the tediousness of reading will reduce the potential audience of the book. The recommendations, however, are generally well written.

While the level of the papers presented in Volume II varies a great deal, their average level is rather high. I have read rapidly all the papers dealing with the economic implications of the population problem and glanced through the others. Some brief comments on the papers follow.

Hauser's paper on population trends is pretty dull but it presents useful material. Kirk effectively challenges some myths (e.g. that Catholic countries have high birth rates) and it is rather entertaining. Paul Schultz's paper is perhaps the most interesting for the economist and it is sufficiently well-written to be understandable to the non-economist. Leibenstein's paper gives a rather detailed taxonomy and it is highly idiosyncratic. Demery's paper on the economics of population well complements that by Paul Schultz. The Fisher-Potter paper on the effects of population growth on resource adequacy and quality is a workmanlike job while T.W. Schultz's contribution is brilliant.

I did not find Browning's paper on marginal selectivity to be very useful; it is also overly long. Jones' paper on educational attainment, too, is long but it is worth reading. I have not read Costa's paper on health or those included in Volume II, Part II for the simple reason that I was sent two copies of Part I and none of Part II.

Comments on

J. Grunwald, M. Carney, and M.S. Wionczek,
Latin American Economic Integration and the United States

I tend to share Mikesell's general appraisal of the study, although I do not necessarily agree with him on particular points. I find an ambivalence in the study which is particularly disturbing -- as if the authors have not made up their minds on a variety of issues. In some cases a certain position is embraced only to be replaced by a different one a few pages later. Elsewhere, pro and con arguments are given but without providing an evaluation. Such an ambivalence is noticeable in regard to the costs and benefits of industrialization, the relative importance of economic and noneconomic considerations, and the choice between exports and import substitution.

Furthermore, while the purpose has presumably been to provide guidance to US policy makers, the study has been written more from the Latin American than from the US point of view. Criticisms of the US position towards Latin American integration prior to 1960 are also overly strong and, at one point, the authors seem to put the blame on the United States for the slow progress of integration in LAFTA.

Among the individual chapters, Ch. I is much too diffuse and is characterized by the ambivalence referred to above. Ch. II is weak at the beginning but it improves as empirical information derived from a Brookings study is provided on large-scale economies. The treatment of the Central American Common Market in Ch. III is rather superficial and the part on LAFTA seems to have been written with one eye on not offending Latin American sensibilities. Yet the reasons for the failure of LAFTA -- and one should speak of failure -- are basically internal and are related to the power of vested interests.

I commented above on the existence of a bias in the treatment of US attitudes towards Latin American integration (Ch. IV). In turn, Ch. V provides a rather superficial discussion of foreign aid and an unqualified endorsement of payments unions. A certain ambivalence is also shown in the discussion of the inflow of private capital which ends with the statement that "there may be some long-term rationale in restricting foreign investment" (Ch. VI). The latter part of the chapter dealing with specific sectors is, however, quite good.

Chapter VII on US trade policies vis-a-vis Latin America is basically correct and it provides useful information. References on the possible incompatibility of preferences and integration provide exceptions to this conclusion. Finally, in Chapter VIII again a rather one-sided view is taken of the responsibility of the United States for the failure of LAFTA. But, with few exceptions, I tend to agree with most of the conclusions of the authors. Exceptions are their apparent overemphasis on payments arrangements and on the role the US could play in promoting such arrangements as well as the suggestion that regional integration be made a precondition for granting unilateral preferences to Latin American countries.

Appeal No. 10478

July 20, 1970

Government of the District of Columbia
Board of Zoning Adjustment
Room 11A
District Building
14th & E Streets N.W.
Washington D.C.

Attention Mr. C. McGehee

Dear Sir,

At the Public Hearing on Wednesday, July 15 on the above case, I did not have the opportunity to appropriately answer the questions posed by Mr. Glasgow, the attorney for S. Lipscomb & Foster. Mr. Glasgow enquired if I knew that the building in which I resided did not conform to Zoning Regulations and whether in my opinion the existence of this building detracted from the value of the neighbourhood. As I noted in my answer, the building in question was erected before the Zoning Laws came into being, hence the first question is irrelevant. As to the second, it would seem to me that the building adds to, rather than detracts from, the value of the neighbourhood. It is an imposing, old structure pre-dating most of the family houses of Wyoming Avenue and, as a representative of the turn-of-the-century architecture, it provides a welcome addition. This is not to say that a modern building of similar dimensions would be desirable, while the construction of a parking lot would definitely deface the area.

I would like to use the occasion to refer to the Affidavit prepared by Mrs. Brewster and myself in which we report that the site of the proposed parking lot is over 1000 feet from 2311 Connecticut Avenue, the building it would serve. All of those opposing the establishment of the parking lot live much nearer to the site, at most at a distance of 500 feet. This observation buttresses the argument made at the Hearing that granting the request of S. Lipscomb & Foster would involve increasing the profits of the owner of the building at 2311 Connecticut Avenue at the expense of a large number of people who live in the neighbourhood of the proposed parking lot. May I repeat, therefore, my request that the application contained in Appeal No. 10478 be denied.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Tenant 2139 Wyoming Ave. Apt. 42

June 17, 1970

Professor Alfred K. Ho
Western Michigan University
Department of Economics
Kalamazoo, Mich. 49001

Dear Professor Ho,

In reference to our telephone conversation yesterday, I wish to inform you that I will be able to come to Kalamazoo on Monday, March 1, 1971. According to present plans, I would arrive via Chicago at 2.40 p.m. and would leave the next morning at 9.40 a.m. This timetable is appropriate, I believe, in view of the scheduled seminar and lecture at 3.30 and 8.00 p.m. on March 1.

As I mentioned to you on the telephone, at the seminar for faculty and graduate students, I would discuss the problems of estimating a macro model for the Common Market and the U.K. while in the evening I will speak on the implication of British entry into the Common Market.

Looking forward to meeting you, I remain,

Yours sincerely,

Bela Balassa
Professor of Political Economy

July 16, 1970

Miss Trudy Zintl
Department of Political Economy
The Johns Hopkins University
Baltimore
Md. 21218

Dear Trudy,

Please arrange for me to be reimbursed for the purchase of several books I have paid for. The amount involved should be charged to my European integration project account. I am also enclosing my travel expenses for the trip to Geneva, Paris and Brussels.

Sincerely yours,

Bela Balassa

Request for Reimbursement

I wish to be reimbursed for the purchase of the following books that were acquired for purposes of the European integration project. I enclose bills on which I have marked the books bought and paid for.

A Programme for Growth	US.\$ 5.55
Reddaway: Effects of UK Direct Investment Overseas	3.20
Sampson: The New Europeans	6.30
	<hr/>
total	\$15.05

Bela Balassa
Professor of Political Economy
Director, European Integration Project

July 17, 1970

Dr. Peter Newman
5410 Wild Turkey Lane
Columbia, Md.

Dear Peter,

In conformity with our telephone conversation, I would like to ask you to invite Professor Jean Waelbroeck to give a seminar at Hopkins on Wednesday, November 18 on the effects of a value added tax on trade flows. As I indicated to you, Waelbroeck is Professor of Econometrics at the University of Brussels and he has been a Visiting Professor at MIT. He will be coming to the States to lecture at MIT, Yale and other universities and will defray the cost of his trip from the honoraria he receives. Waelbroeck's address is Universite Libre de Bruxelles, 29 rue d'Heuval, Laroche-en-Brabant, Bruxelles, Belgium.

May I ask you to do me the favor to take a look at the enclosed proposal by Erwin Klein. It seems to me that Mr. Klein is preparing a textbook that would be excluded under the publication policy of Hopkins Press. Exceptions, however, could be made. I would appreciate it if I could have your reactions on it. Please return the proposal to my home address (2139 Wyoming Avenue, N.W., Washington D.C. 20008).

Hoping to see you soon in Washington, I remain,

Sincerely yours,

Bela Balassa

ZVI SUSSMAN
BANK OF ISRAEL
JERUSALEM

JULY 17, 1970

FR

ISRAEL

DOCUMENTS LEFT WITH YOU FOR MAILING NOT YET RECEIVED PLEASE INFORM

BALASSA

Bela Balassa

Economics

BBalassa:alj

July 16, 1970

Dr. Etienne S. Kirschen
Department of Applied Economics
Free University of Brussels
49 rue du Chatelain
Brussels
Belgium

Dear Etienne,

It was a pleasure seeing you again and I am only sorry that we had a relatively short time to talk. I look forward to a longer visit in late 1971 when I will be in Europe. Please give my best regards to Mrs. Kirschen and excuse me for not being able to say goodbye to her.

Sincerely yours,

Bela Balassa

July 16, 1970

Professor Jean Waelbroeck
Universite Libre de Bruxelles
Department of Economics
29 rue d'Heuval
Laroche-en-Brabant
Bruxelles
Belgium

Dear Jean,

It was good to see you last week and I look forward to your visit to Washington.

As regards this visit, Professor Peter Newman will write to you an official letter to invite you to give a seminar at Hopkins on Wednesday, November 18. If possible, please arrive in the morning hours so that you can have lunch with the faculty. The seminar begins at 2.00 p.m. and we will have dinner afterwards. (Wednesday is the day when I stay overnight at Hopkins). Newman will suggest that you give the paper on the effects of a value added tax system. For all this we pay travel expenses from where you come from in the States and a modest honorarium of \$100.

I have also talked to Rudi Rhomberg who has arranged to invite you to give a talk at the IMF on the same topic on Thursday, November 19. The seminar is in the afternoon and there is a luncheon beforehand. The IMF pays an honorarium of \$150 and travel expenses; in this case, from Baltimore.

Finally, I would like to invite you to participate in the meeting I will have with my collaborators in the European integration project to which we invite several outsiders. The meeting will focus on the macro model and you might be interested to discuss some aspects of your own model also. The session, which will take place in Washington, will begin with dinner on Friday evening and continue on Saturday. I can provide accommodation and meals but I am afraid that I cannot pay an honorarium to any of the participants. I hope that you can nevertheless join us.

Best regards,

Sincerely yours,

Bela Balassa

P.S.

Could you please let me have a capsule description of the paper you are proposing to give at Hopkins and the IMF. It would also be appreciated if you could send me the paper two or three weeks in advance for duplication and distribution among faculty and students.

July 15, 1970

Wm. Dawson & Sons Ltd.
Back Issues Dept.
Cannon House
Folkestone
Kent
England

Dear Sirs,

Your pro forma invoice no. 38 dated May 13 has reached me only today. Please cancel my order for the Economic Journal issue of December 1964. I do not wish to receive the complete volume. Your invoice is returned herewith and I look forward to receiving my refund of \$2.40.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

P.S.

Please send ~~letter~~ in envelope marked for my attention.



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July 15, 1970'

Professor Rondo Cameron
Department of Economics
Emory University
Atlanta
Georgia 30322

Dear Rondo,

Your letter reached me after my return from Europe. I am sorry therefore that I was unable to give you the names of economists to see in Budapest.

I am afraid that, while the topic you suggest is of much interest to me, I do not have the leisure to do research on it. You might want to invite somebody from Hungary, however. There are two or three people I know who have an interest in the problems of technological development. They are Antal Marias, Kozgazdasagtudományi Egyetem, Dimitrov ter, Budapest; George Adam, Kozgazdasagi es Jogi Konyukiado, V. Nagy Sandor u.6, Budapest; and Ferenc Janossy, Orszagos Tervhivatal, V Nador u., Budapest.

If you want to approach these people, please feel free to use my name.

Sincerely yours,

Bela Balassa

July 15, 1970

Dr. Frank Tamagna
Department of Economics
American University
Washington D.C.

Dear Frank,

As I mentioned to you on the telephone, Dr. Tamas Nagy, Head of the Department of the Economic Mechanism of the Institute of Economics of the Hungarian Academy of Sciences, will be participating in the Research Conference on Economic Reform in Eastern Europe on November 16-18 at the University of Michigan. Dr. Nagy would be interested in giving lectures or seminars at American universities on the Hungarian reform or related topics. I think that your faculty and students might be interested in inviting Nagy since, given his position and participation in drawing up the reform, he will be able to provide a good analysis of the changes in the economic mechanism in Hungary.

It would be appreciated if you could send an invitation to Nagy to Budapest because this would be necessary for his U.S. visa; as you know, the State Department requires a Hungarian visitor to state when he intends to arrive in and depart from the U.S. and where he expects to travel. Please send a copy of your letter to Nagy to Professor Morris Bornstein, Department of Economics, University of Michigan, Ann Arbor 48104.

Sincerely yours,

Bela Balassa

P.S.
Dr. Tamas Nagy's address is:
Kozgazdasagtudomanyi Intezet
V Nador u
Budapest, Hungary

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

July 15, 1970

The Manager
Cosmos Club
2121 Massachusetts Ave. N.W.
Washington D.C. 20008

Dear Sir,

I dined at the Cosmos Club with my wife and two friends on Monday, July 13. We had a table for four in the Mountain Room on the right as one enters the dining room. We departed at 9.15 p.m. and I realised a few minutes later that I left my sun-glasses on the table. I called as soon as I got home and called back again the next day but no trace of the sun-glasses was found. Apart from asking you to make a further enquiry, I am writing this letter to bring to your attention the disappearance of this object so that in the case of recurrence this can help you to find out whoever might have been responsible.

Sincerely yours,

Bela Balassa

Both titles added

July 15, 1970

Mr. Bela Kadar
Instituto de Estudios Internacionales
Universidad de Chile
Casilla 14187
Sucursal 21
Santiago
Chile

Dear Bela,

Thank you for your recent letter which reached me after returning from Europe. I heard about your new book and I have also been told that there may be some difficulties in publication. I hope that these difficulties will be only temporary. In the meantime, I look forward to receiving the paper you are sending.

I had a pleasant stay in Hungary and I was able to see even more people there than on my previous visit. I am now writing a second paper on the Hungarian reform which will be sent to you some time in September. To answer your question, I am also engaged in a research project on development policies in semi-industrial countries. A short description of this research is enclosed. Note, however, that due to data difficulties, we have replaced Chile with Colombia.

My next visit to Budapest is planned for 1973 and I hope that I might see you before then, perhaps on your way back to Hungary. Please do write me in Hungarian - the only reason I write in English is that Hungarian is not one of the languages my secretary speaks.

Sincerely yours,

Bela Balassa

July 15, 1970

Dr. T. H. Lee
Joint Commission on Rural Reconstruction
37 Nan Hai Road
Taipei
Taiwan

Dear Dr. Lee,

On my return from a trip to Europe I found your letter of June 12 in which you request a further advance to pay research assistants. As Mr. Lowther indicated to you in his letter of June 25, the World Bank regulations require that we receive receipts for payments already made before a second instalment is sent.

I was glad to hear about the progress you have made and I would be happy to answer any questions you may have as your work progresses.

I have just read the World Bank report on Taiwan which refers to work done on effective protection by the Commission on Tax Reform. The exact wording of the paragraph is as follows:

"The Commission is at present working on a review of the tariff rates. For this, it has sent out questionnaires to industry in order to determine the import input coefficients of these industries and the value they add in the production. On the basis of the information it will determine the ratio between the effective rate, defined as the nominal rate minus the sum of the input coefficients multiplied by the tariff rate, and the value added rate which in turn is defined as one minus the sum of the import input coefficients. In case this ratio is less than one, the Commission would suggest that the duty be raised and where it is more than two that it be decreased."

I would be interested to know how far the work of the Commission on effective protection has progressed and to what extent it might be useful for our work.

Sincerely yours,

Bela Balassa

July 15, 1970

Mr. Martenyi Csaba
Budapest XII
Boszormenyi ut 2
Hungary

Dear Mr. Martenyi,

Thank you for your letter of July 2.

I believe that the research topic that interests you is of much importance; apart from the paper on Norway, I have written several articles relating to it. The reprints of three of these are enclosed. The papers also include one I wrote on the Hungarian reform. I presume that you are also familiar with the work done by Bela Kadar.

I am afraid, however, that I cannot be of any help in obtaining a fellowship for you. As a rule, American universities give fellowships to Hungarians who have achieved some distinction in their economic work; in other cases the applicant has to go through the Hungarian Institute for Cultural Exchange.

Please excuse my writing in English but Hungarian is not one of the languages my secretary speaks.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

July 15, 1970

Mr. Darwin B. Palmer
Womach Army Hospital
Fort Bragg, N.C. 28307

Dear Mr. Palmer,

Your letter of June 10 reached me after my return from a trip to Europe. I would be interested to find out about the Peruvian ceramics you have. Could you please let me know what Nazca and Mochica pieces you have and what your asking price is. I would also like to know if any of the pieces have been expertized. Please send your answer to my home address.

Sincerely yours,

Bela Balassa

Mr. Shu-Chin Yang

July 15, 1970

Bela Balassa

Further Comments on Taiwan Report

Please find below some comments on the second half of Volume Two of the Economic Report on China (Taiwan) which we did not have the occasion to discuss yesterday.

P.15 I find it somewhat exaggerated to speak of a substantial revenue loss resulting from tax incentives since one may presume that the rates are set relatively high so as to permit preferential treatment of certain activities.

P.17 I wonder if the double clause at the end of Para 43 is accurate.

P.18 In Para 48 it is noted that the tax system has regressive characteristics; yet, in Para 49 it is recommended that the tax burden on the lower income classes be increased.

P.18 What is a "notch" problem?

P.26 Given the decline in the marginal saving rate, and the adverse effects on savings of wage increases and the move to the cities, I wonder if one should reduce incentives to save.

P.26 Instead of reducing incentives, one can increase revenue by raising tax rates.

P.27 On what basis can it be argued that the proposed extent of accelerated depreciation is overly generous?

P.27 I doubt that one should abolish the preferential income tax treatment of exports without providing a substitute for it.

P.29 Is sugar not a basic necessity? At any rate, an excise tax does not interfere with Taiwan's comparative advantage in sugar and cement.

BBalassa:alj

pink

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: July 14, 1970

FROM: Bela Balassa

SUBJECT: Program Conference on "Changing Structures in the World Economy",
Kiel, June 8-9, 1970

This memo supplements the back-to-office report of Horst Schulmann, a copy of which is enclosed. I agree with the statements contained in Schulmann's note and my purpose is to provide some additional information.

The Conference was rather disappointing, due largely to the inadequate preparation of the German participants; they seem to lag behind to a considerable extent in development economics. This explains much of the emphasis in the original research program on applying well-proven methods developed by others although such efforts would offer few additional findings without substantial contributions to the methodology utilized. Correspondingly, together with some foreign participants, I have suggested an alteration of research plans in directions that appear more promising and, to the extent possible, avoid overlap with research undertaken elsewhere.

Apart from introducing greater sophistication in the proposed empirical research, I have suggested that it would be useful to focus on supply and demand problems as regards the industries where developing countries have export possibilities. The former would include, among others, a study of the export incentives applied in developing countries, the role of foreign investment, and the experience of some countries that have successfully expanded exports. The latter could focus on the protectionist policies followed in the industrial nations and the possible effects of unilateral preferences.

The Kiel Institute does not seem to have binding financial constraints in carrying out such studies; the main constraint seems to be the scarcity of qualified personnel. Hiring away from other German universities does not offer much of a solution either, as in Germany the level of instruction in the development field appears much lower than in other areas of economics. An important task of the Institute will therefore be to train personnel for teaching and research.

c.c. Messrs. Chenery
Stevenson
Adler
Schulmann

BBalassa:alj

July 10, 1970

Mr. Javier Irastorza
Presidencia del Gobierno
Comisaria del Plan de Desarrollo Economica
Secretario General
Madrid
Spain

My dear friend,

Your letter of June 16 reached me only this week when I returned to Washington after a trip abroad. I have not yet had the occasion to talk to Erik Thorbecke but I hope that it will be possible for him to go to Spain to advise you on the studies being carried out in your office.

I would like to add that following my visit to Madrid in March I talked to several young economists regarding their possible interest to go to Spain to work on planning models. Unfortunately all of them were already committed for the summer and this is when I turned to Erik Thorbecke. All have expressed interest to do research on Spain in the future, however. They include Christopher Clague of the University of Maryland, David Kendrick of Harvard University, and Richard Weisskoff of Yale University.

I had lunch with Albert Waterston yesterday and he told me of the conversations you had in Spain. I was interested to hear that you will be focusing attention on problems of export orientation in the Spanish economy, a subject which is of much interest to me. I will send you in a few days a paper I prepared at the Bank on industrial protection policies in developing countries which treats this problem in much detail. I also hope that I will be able to accept your invitation to visit Spain in the not too distant future.

I hope to be able to prepare the articles on economies of scale and external economies before the end of November. As to the republishing of my paper on "Growth Strategies in Semi-Industrial Countries", it is the practice of the Quarterly Journal of Economics to let authors give permission for republication and to receive the fee thereof. It is customary to pay an amount of \$50.00 for the rights of publication.

Sincerely yours,

Bela Balassa

July 14, 1970

Mrs. Rachel Ranis
7 Mulberry Road
Woodbridge
Conn. 06525

Dear Rachel,

Enclosed is a list of restaurants Albert Waterston gave me. Most of these are near to the Wellington Hotel which he found quite pleasant. I also enclose a copy of a letter I wrote to Irastorza. Please give me a call if I can be of any further help.

Sincerely yours,

Bela Balassa

July 14, 1970

Mr. Javier Irastorza
Presidencia del Gobierno
Comisaria del Plan de Desarrollo Economica
Secretario General
Madrid
Spain

My dear friend,

I would like to inform you that Professor Gustav Ranis, Director of the Yale Economic Growth Center will be in Spain on vacation between August 11 and August 26. He is arriving from Frankfurt at Madrid on Lufthansa 350, Tuesday August 11, at 12.15 p.m. and will remain in Madrid for two or three days. He also expects to return there on or about August 25.

Professor Ranis is interested in the problems of the Spanish economy and at one time had considered doing research on Spain. He is now contemplating spending the academic year 1971-72 in Japan but you might be able to convince him to go to Spain instead. At any rate, I have suggested to him and I am also suggesting to you to arrange a meeting during his stay in Madrid. Should you wish to do so, you may want to write to Ranis directly at the following address where he will be between July 17 and August 9: c/o Professor Larry E. Westphal, USAID/Economic Branch, U.S. Mission to Korea, APO San Francisco, California 96301. A copy of the letter should be sent to his home address since his wife will join him in Madrid: 7 Mulberry Road, Woodbridge, Connecticut 06525, USA. I would like to add that Professor Ranis speaks Spanish fluently.

Sincerely yours,

Bela Balassa

c.c. Mrs. Ranis

July 13, 1970

Professor Harry Johnson
Department of Economics
University of Chicago
Chicago, Ill.

Dear Harry,

I enclose copies of my letter of January 2 to Bob Mundell with the enclosures appended to that letter. The enclosures include a copy of my letter of December 31, 1969 to Bruno and a short note on Bruno's paper written jointly with Dani Schydrowsky.

I was surprised to hear that this correspondence is not part of the record since I had sent the listed material to Bob at his suggestion. In the course of my telephone conversation with him in the last days of December, he also indicated that if a decision were taken to publish the papers by Bruno and Krueger, we would be given the opportunity for a rejoinder in the same issue of the Journal of Political Economy. We will write this rejoinder as soon as we receive the final copies of the papers.

Sincerely yours,

Bela Balassa

c.c. Daniel Schydrowsky

Mrs. Helen Hughes

July 13, 1970

Bela Balassa

"Industrialization, Employment, and Urbanization"

1. I find your discussion of industrial estates excellent, and the treatment of urbanization generally good. But some statements in the latter appear to be overdrawn, as they are in large part in the section on employment. I find it difficult to accept the statement that "incentives [for decentralized regional development] must be granted on a heroic scale" (Para 24). Also, given the diseconomies involved in expanding existing industrial centers, attempts to stimulate regional industrial growth might not be as costly as you assert (Para 23). In fact, as you note in Para 27, there are intelligent ways to pursue a policy of regional development.

2. The development of small-scale industries is a related point. You might overemphasize the inefficiency of small-scale operations, whether for final consumption or for further transformation. In several semi-industrial countries one finds that production is not sufficiently specialized although the subcontracting of the manufacturing of parts and components to small, specialized firms would reduce costs.

3. The negative conclusions concerning the employment-creating efforts of industry are also overdrawn. Apart from referring to the successes of Korea and Taiwan, one has to raise the question how the increase in the labor force would have been absorbed without the direct and indirect -- through ancillary activities -- employment-creating effects of industry. In this connection, it would be useful to provide data on Argentina, Chile and other Latin American countries.

4. As to labor use in industry, in the text you do not clearly separate (a) interindustry differences in labor intensity and (b) possibilities for factor substitution in individual industries. The latter further raises the problem of the range of technically feasible factor proportions and the trade-off between employment and costs in the case labor-intensive techniques are chosen (Para 5). There are a few more questionable statements in this part which would necessitate rewriting. I have made marginal notations especially on pages 1-10.

5. It would be useful to include a summary and conclusions with the paper but these are rather oversimplified in the present draft. I have made marginal comments here too and would suggest writing a carefully balanced appraisal.

c.c. Messrs. Kamarck
Bohr

BBalassa:alj

Mr. Andrew M. Kamarck

July 13, 1970

Bela Balassa

Back-to-Office Report: June 20-24, 1970, Israel

1. During the period indicated I had discussions with Dr. Zvi Sussman and several of his collaborators on the study on Israel's incentive system that is part of the Development Strategies in Semi-Industrial Countries project. I also saw Professor Michaely who works on a related topic and Professor Kleinman, both of Hebrew University.
2. Sussman carries out the study on Israel with the participation of several collaborators to whom special tasks have been assigned. These collaborators are staff members of the Research Department of the Bank of Israel, of which Sussman is co-director, and their compensation does not burden our budget. Sussman himself directs the work carried out by his collaborators and will write up the results. A report on the present status of the study is enclosed.

cc. Messrs. Chenery
Stevenson
Bohr
Mrs. Hughes
Thompson

BBalassa:alj

The Israeli Study

(Development Strategies in Semi-Industrial Countries project)

Status as of June 1970

1. The study is carried out by Dr. Zwi Sussman, the co-director of the Research Department of the Bank of Israel with the participation of several of his collaborators at the Research Department. In the following, I will indicate the present status of the study, together with plans made for its implementation over the next year-and-a-half. This note is based on discussions I had with Dr. Sussman at the time of my visit to Israel on June 20-24, 1970.
2. Calculations on the incentive system in Israel will be carried out on the basis of the 1965 input-output table. The table is being prepared by Frankel and will be completed by the end of the year. Frankel will also make calculations on the domestic cost of foreign exchange in import substitution and in exports. These calculations will be carried out in the first half of 1971.
3. Classification problems concerning commodities and industries will be handled by Johan while Tor will prepare a survey of import liberalization policies in the post-Independence period. In the descriptive part of his study, Dr. Sussman will utilize published and unpublished information on changes in the incentive system since Independence.
4. Baruh has started working on a study of effective protection in an approximately 100-industry breakdown. While his calculations will relate to the year 1965, an effort will be made to update the results for the period following the 1967 devaluation and to make tentative estimates for an earlier year. Baruh is presently trying to match the commodity composition of production and tariff statistics, with a view to choosing the commodities for which price comparisons will have to be made. In conformity with the methods utilized in the

Structure of Protection in Developing Countries project, price comparisons will be carried out in cases when quota restrictions apply as well as when tariffs appear to be prohibitive because imports account for less than one-tenth of domestic consumption. Preliminary results of the calculations on effective protection are expected by mid-1971.

5. In addition to protective measures, Israel also uses credit and budgetary policies to provide differential incentives to particular industries. Medina is preparing a survey of the instruments of credit policy (to be completed by mid-1971), with a view to calculating the incidence of preferential interest rates for individual industries as well as for export activities. It is anticipated that considerable problems will be encountered in attempting to relate preferential credits to individual industries in the breakdown of the input-output table.

6. Among budgetary measures, the effects of the activities of the Investment Center have been examined by Ilan while Mandelbaum has prepared a study of changes in the development budget as they affect individual industries. To complement these studies, Dr. Sussman will explore the possibility that Zuckerman, the Deputy Director of Internal Revenue, would provide information in quantitative form on investment incentives of a budgetary character. Failing this, it will be necessary to commission a study on fiscal incentives.

7. Apart from the allocation of investment among industries, the incentive system also affects the volume of investment. Bassad's study aims at explaining changes in investment activity by the use of econometric techniques. His study will be completed by the end of 1970.

8. Dr. Sussman will also commission an investigation on the cost structure of selected products to be chosen by us for making cost comparisons among the countries under study in the Development Strategies in Semi-Industrial Countries

project. This work will be carried out by technicians who have knowledge of the operations of the industries in question.

9. With the preliminary results of the individual studies described here being available by mid-1970, Dr. Sussman will prepare a draft of the entire study on Israel's incentive system by August 1971. After review of this draft, a final version will be prepared, incorporating the revised estimates, by December 1971.

July 9, 1970

Professor Herbert Giersch
Direktor des Instituts für Weltwirtschaft
Universität Kiel
23 Kiel
Düsternbrooker Weg 120
West Germany

Dear Herbert,

I wish to thank you for your hospitality during my visit to Kiel. I enjoyed the conference and I hope that our contributions were of some use.

In the course of discussions I made mention of a paper on industrial policies in Taiwan and Korea I am now preparing. The paper will be published, possibly in early 1972, in a volume in honour of Raul Prebisch. I wonder if you might be interested to have it published at an earlier date in the Weltwirtschaftliches Archiv.

Steve Maris tells me that some materials have been prepared for the monetary seminar in which he participated during the second half of July. I would appreciate it if you could send these to me. As the enclosed description indicates, I have undertaken a larger study of European integration which includes an investigation of monetary integration. The materials, therefore, would be of considerable help to me.

With best regards to Mrs. Giersch and yourself,

Sincerely yours,

Bela Balassa

July 13, 1970

Professor Harold F. Williamson
Secretary
American Economic Association
629 Noyes Street
Evanston
Illinois 60201

Dear Professor Williamson,

In my letter of March 12 I asked to have 125 copies of my paper "Growth Performance of Eastern European Economies and Comparable Western European Countries" sent to me at the World Bank. I have not yet received the copies and I am anxious to know when I will have them.

Sincerely yours,

Bala Balassa
Consultant
Economics Department

July 13, 1970

Mrs. Morgan
Institute of Economic & Social Research
2 Dean Trench Street
London S.W.1.
England

Dear Mrs. Morgan,

I am told that you have written a Comment on the paper by Houthakker and Magee. I would appreciate it if you could send me a copy of this note.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Andrew M. Kamarck

July 13, 1970

Bela Balassa

Miss Constance Morris's Leave

I request that you approve an unpaid leave of two weeks for Constance Morris who is my new research assistant. She plans to leave for Liberia on July 23 in the evening and return on August 7 in the morning. I will arrange my schedule so that I can do without an assistant during that period.

BBalassa:alj

July 13, 1970

Mr. Donald S. Lamm
W. W. Norton & Co. Inc.
55 Fifth Avenue
New York, N.Y. 10003

Dear Don,

Please will you send me ten copies
of the revised "Changing Patterns in For-
eign Trade and Payments" and bill at au-
thor's discount.

Sincerely yours,

Bela Balassa

July 13, 1970

McGraw-Hill Publishing Co. Inc.
McGraw-Hill Building
330 West 42nd Street
New York 36, N.Y.

Dear Sirs,

Please will you send me ten copies of the paperback version of "Trade Liberalization among Industrial Countries: Objectives and Alternatives" and bill me at author's discount.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Mr. Jan-Maarten L. Zegers

July 10, 1970

Bela Balassa

Argentine Exchange Rate

Our discussion last night apparently suffered from terminological differences. From the economic point-of-view, it matters little whether the Argentine peso has a par value or not -- among others, China and Korea do not have par values either. However, in all three cases there is an official exchange rate used in foreign exchange dealings and as a conversion ratio in all statistical publications. It is used as such in the International Financial Statistics where the table on Argentina makes no mention whatsoever of par values. It cannot be said that in recent years this would have been "unrealistic" in Argentina as you appeared to contend. I was talking about the official exchange rate which has economic significance rather than of the par value that is basically a formality.

BBalassa:alj

F 1240

July 9, 1970

Mrs. Rachel Ranis
454 Barton Drive
Orange
Connecticut

Dear Rachel:

Gus asked me to write to you about restaurants in Madrid. He did not ask, but I nevertheless write to you also about shops.

My favorite restaurant is the Botin. I have been there on several occasions, last time with the Fellners and the Haberlers who too have known the restaurant for some time. Its specialities are suckling pig and lamb; you can hardly get better anywhere in Madrid.

For fish I very much like O'Pase which has some excellent specialities from Galicia (not the Polish one ...). If you want German-type food, Hercher has become an institution in Madrid. Henry Wallich especially likes it; I find their Spanish dishes not that good. The Club 31 is classical Spanish with some very fine dishes. Finally, two restaurants that have been recommended to me but which I have not yet visited; one is Meson San Javier which is similar to the Botin, and El Ultimo Couple that is fashionable with the young jet set.

If you want to see some good Flamenco, Las Brujas and Zambra are the best places, and if you want to enjoy some good brandy my favorite is Lepanto but Independencia and Carlo Primero are also good.

Mitzou is the place to go for leather garments; I bought a beautiful leather coat for Carol there. For leather objects, Loewe is very good; both Mitzou and Loewe are on Avenida Serrano, the main shopping street.

As I mentioned to Gus, I cannot help you on hotels; a few years ago I stayed at a small and rather uninteresting hotel, while last March I was put up in the hotel where the conference took place. Though you certainly don't need advice to see the Prado, I would recommend that you also visit the Royal Palace, mainly because of its interesting furniture from several periods. There are also one or two small museums in Madrid that are of some interest.

If you think that I can help you with anything else concerning Spain, please call us in the evening (202-265.0539); otherwise I wish you a pleasant stay in Spain without rain.

Sincerely yours,

Bela Balassa

P.S.

The Spanish economist in question is Mr. Javier Irastorza, Secretario General, Presidencia del Gobierno, Comisaria del Plan de Desarrollo Economico, Castellana 3, Madrid. I will send you a copy of my letter to him on Monday.

July 10, 1970

Mr. John Gallman
The Johns Hopkins Press
1703 New Hampshire Avenue N.W.
Washington D.C. 20009

Dear John,

Enclosed are ten copies of the front matter of the book and the corresponding number of copies of the letters from Tibor Scitovsky and W.M.Corden. Scitovsky is Professor of Economics at Yale University, while Corden is Reader in International Economics at Oxford; he is the successor of Sir Roy Harrod.

Sincerely yours,

Bela Balassa

July 10, 1970

Dr. Zwi Sussman
Director, Research Department
Bank of Israel
Jerusalem
Israel

Dear Dr. Sussman,

I enclose a short note I have written for the Bank on the results of our recent conversations. Please let me know if anything is inaccurate.

I have not yet received the documents I left with your secretary for mailing and am anxious to know if and when they were sent.

I hope that this letter reaches you before your departure for England. Please let me have your address there,

Kindest regards to you and Mrs. Sussman and many thanks for the pleasant evening I spent with you.

Sincerely yours,

Bela Balassa

P.S.

Please tell your wife that I did buy the Byzantine oil lamp cover and we like this as well as the two small statues very much.

July 9, 1970

Mr. Carl McMillan
Carleton University
Department of Economics
Ottawa 1, Ontario
Canada

Dear Carl,

I enclose a copy of a letter concerning the 1959 Soviet input-output table. Please let me have your home address so that I can send you the table as soon as it arrives.

Mr. Christopher Saunders, the Research Director of the U.N. Economic Commission for Europe, expressed considerable interest in your dissertation, and asked if he could have a copy when it is completed. His address is Palais des Nations, Geneva, Switzerland.

Sincerely yours,

Bela Balassa

P.S.

Willmore's paper appears to be fine as it stands. I suggest that he submit it to the Economic Development and Cultural Change.

July 10, 1970

Professor J. M. Lozano Irueste
Ministerio de Hacienda
Instituto de Estudios Fiscales
Casado del Alisal 6
Madrid 14
Spain

Dear Professor Lozano,

In reply to your letter of June 22, I regret
that I shall not be able to contribute to your new
review, "Hacienda Publica Espanola".

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 10, 1970

Professor Erik Thorbecke
Department of Economics
Iowa State University
Ames
Iowa

Dear Erik,

I am told that Professor Casadio who is at the University of Bologna is publishing a book on EEC Agricultural Policy. I am afraid I don't know the name of the publisher or the language in which the book will be published, but apparently it is quite interesting.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

July 9, 1970

Norman M. Morris Corp.
301 East 57th Street
New York, N.Y. 10022

Dear Sirs,

On June 26 I purchased an Omega Constellation watch, movement no. 28029590, reference no. 3858, from Les Ambassadeurs S.A., Quai General-Guisan 20/Rue du Rhone 39, Geneva, Switzerland. Not having received an instruction booklet with the watch, I took it to Charles Ernest Jewelers, 1027 Connecticut Avenue N.W., Washington D.C., an authorized Omega dealer for adjustment for the five hour time difference between Europe and the U.S. The dealer found that due to some defect the adjustment cannot be made.

I wish to express my surprise that I was sold a defective watch, and would appreciate it if this be exchanged for one in perfect condition that should be sent to me at my home address. I enclose a copy of this letter in the box in which the watch is returned to you by registered mail. Another copy is being sent to Les Ambassadeurs S.A. I would appreciate your prompt attention to this matter.

Sincerely yours,

Bela Balassa

July 2, 1970

Mr. and Mrs. W. Sellekaerts
Michigan State University
Graduate School of Business Admin.
Division of Research
East Lansing
Mich. 48823

Dear Mr. and Mrs. Sellekaerts,

I would be interested in contributing an article to the volume you plan to edit in honour of Jan Tinbergen. I should like to know, however, who the other prospective contributors are and when you would like to have the article.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

July 9, 1970

Professor Douglas Dosser
Department of Economics
University of York
Heslington
York
England

Dear Douglas,

I am afraid I cannot suggest anybody to replace Hirofumi Shibata during the next academic year. It was good to hear from you and I hope that I will have the opportunity to see you before long.

Sincerely yours,

Bela Balassa

July 9, 1970

Mr. James M. Wilson
Senior Editor
Richard D. Irwin Inc.
1818 Ridge Road
Homewood
Illinois

Dear Mr. Wilson:

I am in receipt of the latest adoption list of my book, The Theory of Economic Integration. According to the list there are altogether 66 adoptions. However, according to a letter written by Mr. James E. Martti dated August 15, the book will not be reprinted. I wonder if you are familiar with this decision or whether it has been rescinded.

Sincerely yours,

Bela Balassa

c.c. Mr. James Martti

July 9, 1970

Superintendent of Documents
Government Printing Office
Washington D.C. 20402

Dear Sir:

Please send one copy of the Joint Economic Committee's Economic Developments in Countries of Eastern Europe. My cheque for \$2.75 is enclosed.

Sincerely yours,

Bela Balassa
Professor of Political Economy

Appeal No. 10478

July 8, 1970

Government of the District of Columbia
Board of Zoning Adjustment
Room 11A
District Building
14th & E Streets N.W.
Washington D.C.

Attention Mr. C. McGehee

Dear Sir:

I have learned with dismay that a request is made for establishing parking facilities at 2135 Wyoming Avenue N.W. Accession to such a request should be denied since it would contribute to the deterioration of one of Washington's most beautiful residential districts.

First, the establishment of a parking lot would create considerable noise on a street which is generally very quiet. Second, it would deface the area which has considerable charm, and would represent the first step towards its commercialization. Last but not least, a parking area provides opportunities for crime and would tend to reduce personal security in this section of Wyoming Avenue.

For the described reasons I wish to ask that you reject the request of S. Lipscomb and Foster to establish parking facilities at 2135 Wyoming Avenue.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Tenant 2139 Wyoming Ave. Apt. 42

June 30, 1970

Professor Harry G. Johnson
Department of Economics
University of Chicago
Chicago, Illinois

Dear Harry:

I was happy to hear from Gardner Patterson that in all probability the meeting on effective protection will take place next December in Geneva. I expect to be able to finance my trip as well as the trip of Daniel Schydrowsky from research funds available to me at the Bank. Gardner also showed me the list of prospective participants. In this connection I would have a few comments which we could discuss on the phone upon my return to Washington on July 8, if you so wish.

To start with the empirical papers, I welcome the inclusion of Guisinger and Evans in the list. I doubt, however, that Power would make much of a contribution. He was one of my collaborators in the Structure of Protection Project (which incidentally has been completed and a copy of the mimeographed version is being sent to you) and did a good job in applying my methodology to the Philippines and Malaya, but has shown little originality. I also wonder if one could expect an interesting paper from Wilkinson; I have read his study on Canada and find it to be one of the weaker papers on effective protection. Finally, while Michaely had done some work on exchange rates and on the effective subsidy to exports in Israel several years ago, he is not now engaged in research on effective protection. Nor does he plan to do so; at my meeting with him last week, he indicated that he plans to examine the problem of quantitative restrictions before and after recent devaluations in Israel, for the Bhagwati-Krueger Project. On the other hand, Zvi Sussman, the director of the Research Department of the Bank of Israel, is carrying out a study on effective protection in the framework of my new project, entitled "Development Strategies in Semi-industrial Countries". While Sussman will not yet have the results of his investigations in December, he would be able to discuss some of the problems encountered in making estimates in Israel. Incidentally, Sussman will be in Oxford from July until early next year, and I could finance his trip also.

.../..

To: Professor H. G. Johnson
University of Chicago

June 30, 1970
page 2

I would further suggest to add Schydlofsky and Humphrey to the list of those who will present empirical papers. Schydlofsky is working on Colombia and Argentina in the framework of my new project and he can be counted upon to give an interesting paper. Finally, I like Humphrey's approach and it might be interesting to have further views from him on the subject.

Coming to the theoretical contributions, I welcome the inclusion of Augustine Tan, Athier and Basevi. On the other hand, I have a less favorable opinion of Ruffin. You may recall my comments on Ruffin's paper which, together with his reply and my rejoinder, will be published in the next issue of the AER. I wonder if it would not be appropriate to replace him by Leith.

As to my own contribution, I will be happy to present one of the final papers. I wonder, however, if I could interpret my task in a wider sense and discuss two extensions of effective protection; one of these entails relating incentives to profits in cases when the supply of labor can be assumed to be infinite; the other involves expanding the concept by including the incentive effects of credit and direct tax measures. These extensions will be included in the methodology of my "Development Strategies in Semi-industrial Countries" project.

With sincere regards,

Yours sincerely,

Bela Balassa

cc: Mr. Gardner Patterson
Assistant Director-General for
Trade Policy
G.A.T.T.

BB/mar

June 15, 1970

Mr. C. Hsieh
Economic Branch
Research and Planning Department
International Labour Office
CH 1211 Geneva 22
Switzerland

Dear Mr. Hsieh,

Please excuse the delay in answering your letter of April 7. Other obligations have not permitted me to do so before now. The following answers your questions.

1. There is no breakdown for the EEC and Continental EFTA estimates. These have been calculated by using average tariffs and the imports for the two areas.
2. The formula used in the estimates is the one in the JPE article and reproduced in your letter. You are also correct in defining the decrease in domestic production.
 - (a) The estimates on the increase of non-preferential imports of manufactured goods from developing countries obtainable in the event of the elimination of tariffs are provided in the enclosed table. I am afraid, however, that the corresponding details for the estimates relating to the Kennedy Round have been lost.
 - (b) The values in question are contained in the JPE article.
 - (c) Not available.
3. The discrepancy in the estimates is due to the differences in weighting. In the aggregated estimates we implicitly assumed that imports of manufactured goods have the same composition, irrespective of whether they come from developed or from developing countries. By contrast, in the disaggregated estimates the actual breakdown of imports from developing countries is used.

I hope that this information will be helpful to you. With best regards,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

June 10, 1970

Park Hotel
21 Avenue de L'Yser
Brussels
Belgium

Dear Sirs,

I write to confirm the reservations made for Mr. Bela Balassa, the Resnicks and the Trumans. Please note that they will be arriving on July 5 (not July 4).

Sincerely yours,

Secretary to
Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

June 10, 1970

Rex Hotel Geneve
14 Avenue Wendt
Geneva
Switzerland

Dear Sirs,

I thank you for your letter of June 3 confirming the requested reservations and enclose a deposit cheque of \$50.00.

Mr. Balassa will be arriving on June 24 in the early afternoon, the Trumans' flight arrives in Geneva at 9.00 a.m. on June 23 and the Resnicks' somewhat later on June 23.

Sincerely yours,

Secretary to
Bela Balassa

Home Address

2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

June 10, 1970

Hotel du Lys
23 rue Serpente 23
Paris 6
France

Dear Sirs,

I thank you for your letter of 4 June confirming the requested reservations. Please note however that Mr. Bela Balassa will not now be coming. I confirm the two double rooms (with shower) for the Trumans and the Resnicks, and enclose a deposit cheque of \$14. They will all be arriving just after noon on June 28.

Sincerely yours,

Secretary to
Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

June 10, 1970

Scandinavia Hotel
27 rue de Tournon
Paris 6^e
France

Dear Madam,

I thank you for your letter of 3 June
and confirm acceptance of the room for Mr. Bela
Balassa from June 28 to July 2, and hope that a
room will become available for the next two days.

Sincerely yours,

Secretary to
Bela Balassa

June 6, 1970

Mr. Cleo Shook
EA-NEAP
Room 4216
AID
Washington D.C. 20523

Dear Mr. Shook:

I enclose a short paper on "Industrial Policies in China (Taiwan) and Korea" and would appreciate having your comments. In a revised form the paper will be published in a volume in honor of Raul Prebisch.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

DECLASSIFIED

OCT 03 2022

Personal & Confidential

WBG ARCHIVES

June 6, 1970

Mr. John Gallman
The Johns Hopkins Press
1703 New Hampshire Avenue N.W.
Washington D.C. 20009

Dear John:

Over the opposition of the Director of the Economics Department (Mr. Andrew Kamarck), the Deputy Director of the Information Department (Mr. Lars Lind) has decided that my study be published in the Occasional Papers series. This decision has been reached mainly on the grounds that it would be cheaper to produce the book this way and it could be distributed on a wider basis.

I am unhappy with this decision and I have considered withdrawing the book from the Bank and submitting it to Johns Hopkins Press independently. I have not adopted this procedure, however, for two reasons. First, in the Occasional Paper series, the study will be translated into French, German, Spanish and Portuguese; second, Lars Lind suggested that the book could also be published in a hard cover version. I would like to explore this possibility with you after my return from Europe on July 8.

We have also had some discussions on whether the study should be edited at the Bank or by Hopkins Press. I strongly favor the latter alternative; I simply do not have the confidence in Silcock's ability to do a good editing job. He will contact you about this in the near future.

Best regards,

Sincerely yours,

Bela Balassa

June 8, 1970

Professor Peter B. Clark
Department of Economics
Duke University
Durham
North Carolina 27706

Dear Professor Clark:

Your letter of June 2 and enclosures
have arrived while Mr. Balassa is away in
Europe. He will be returning in July.

Sincerely yours,

Secretary to
Bela Balassa

June 6, 1970

Professor Kiyoshi Kojima
Hitotsubashi University
Kunitachi
Tokyo
Japan

Dear Professor Kojima,

In reply to your letter of May 26, Mr. Balassa gives permission for you to use some of the material originally published in Studies in Trade Liberalization, with appropriate acknowledgement.

Sincerely yours,

Secretary to
Bela Balassa

June 8, 1970

Professor Douglas Dosser
Department of Economics
University of York
Heslington
York
England

Dear Professor Dosser,

Your letter of May 27 has arrived while
Mr. Balassa is away in Europe. He will return
in mid-July and will see the letter then.

Sincerely yours,

Secretary to
Bela Balassa

Mr. Arthur Karasz

June 6, 1970

Bela Balassa

Visit to Paris

I hope that you received my note of May 28. There has been one change in my plans inasmuch as I accepted an invitation for lunch and to lecture at Dauphine on Monday, June 29. Since I will see Marjolin the next day I would like to suggest July 1 or 2 for our lunch. I will call the office on June 29 and you can let me know then.

June 6, 1970

Professor Howard Pack
Economic Growth Center
Yale University
New Haven
Connecticut

Dear Howard:

In the meantime I have received from Hertz the bill for the car rental New York/New Haven/New York. They have adjusted the amount downwards by \$5.88 to \$45.13.

Sincerely yours,

Bela Balassa

June 6, 1970

Mr. Javier Irastorza
Presidencia del Gobierno
Comisaria del Plan de Desarrollo Economico
Secretario General
Castellana 3
Madrid
Spain

Dear Mr. Irastorza,

Yesterday I telephoned Professor Thorbecke and he told me that he has not yet received the confirmation of his consulting appointment with you. Given this delay, I wonder if Thorbecke would be able to go to Spain. In the eventuality that he will not be going, my visit would also have to be postponed.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

c.c. Erim Thorbecke

June 6, 1970

Professor Gottfried Haberler
Department of Economics
Harvard University
326 Littauer Center
Cambridge, Mass. 02138

Dear Gottfried:

Thank you for your letter and the note on Laffer. I find this very interesting although we seem to differ in the evaluation of the dilemma and non-dilemma cases.

With best wishes for a pleasant summer, I remain,

Sincerely yours,

Bela Balassa

Mrs. Dorothy Wiggins

2914 P Street, N.W.
Washington D.C.

Mr. Bela Balassa
2139 Wyoming Avenue N.W.
Washington D.C. 20008

This is to certify that for value received I
have sold to you the Regency Period sofa des-
cribed in the enclosed appraisal by Arpad An-
tiques dated April 30, 1970.

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

June 6, 1970

Mrs. Dorothy Wiggins
2914 P Street, N.W.
Washington D.C.

Dear Mrs. Wiggins:

I would appreciate it if you could sign
and return the enclosed statement, or any sub-
stitution^e you might prefer. I need this for
my insurance.

Sincerely yours,

Bela Balassa

Mrs. Shirley Armstrong

June 6, 1970

Bela Balassa

The volume on "The Structure of Protection in Developing Countries" is now completed. However, a considerable amount of typing remains to be done. It is possible, therefore, that my secretary, Miss Anne Jeffery, will have to put in some overtime before she leaves for vacation on June 18.

June 6, 1970

Professor Henry C. Wallich
Yale University
Department of Economics
37 Hillhouse Avenue
Box 1972 Yale Station
New Haven, Conn. 06520

Dear Henry:

I appreciate your having taken the time to read my notes.

My interpretation of Mundell's paradox is similar to yours, I believe. I assume that in a monetary union only fiat money is issued ^{and} the seignorage is in some way divided among the participating countries. There will then be no incentive to break away since in such an eventuality countries would have to give up resources in order to accumulate currency reserves. Needless to say that first-mentioned result can also be achieved if countries maintained their independence in monetary matters but built up reserves by swapping each other's currencies. I'll revise the paper to make all this clearer.

Many thanks again,

Sincerely yours,

Bela Balassa

June 3, 1970

The Economists' Bookshop Ltd.
Clare Market
Portugal Street
London W.C.2.
England

Dear Sirs:

Please send me the following books:

Reddaway, Effects of UK Rent Investment Overseas
(paperback 25s.)

Mathias, The First Industrial Nation: An Economic
History of Britain, 1700-1914 (paperback 28s)

Hazlewood, African Integration and Disintegration

Balassa, The Theory of Economic Integration (two
copies)

Anthony Sampson, The New Europeans

Sincerely yours,

Bela Balassa
Professor of Political Economy

June 3, 1970

Professor Charles Frank
Department of Economics
Princeton University
Princeton, N.J.

Dear Chuck:

I have just found that you were not on my reprint list. To remedy this I am sending you copies of some of my recent papers and will continue to send you reprints in the future. I would appreciate it if you would reciprocate.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: See below

DATE: June 1, 1970

FROM: Bela Balassa

SUBJECT: "Industrial Policies in China (Taiwan) and Korea"

I would appreciate have your comments on the enclosed paper, "Industrial Policies in China (Taiwan) and Korea". In a revised form it will be published in a volume in honor of Raul Prebisch.

Sent to: Mrs. Hughes
Messrs. Kraske
Lin
Norton
Nowicki
Yang

BBalassa:alj

June 1, 1970

The Johns Hopkins Press
Baltimore
Maryland 21218

Dear Sirs:

On September 12, 1969 I requested you to send a copy of Adelman-Morris, Society, Politics and Economic Development to Professor Joseph Bognar in Budapest, Hungary. I have just been informed that this book still has not arrived there. Do you have any postal record so that this can be traced? For details, see your invoice 40383.

Sincerely yours,

Bela Balassa

le 1^{er} juin, 1970

M. Robert Marjolin
9 rue de Valois
75 Paris 1^{er}
France

Cher Monsieur,

Je suis heureux de pouvoir vous rencontrer
lors mon sejour a Paris. Je viendrai chez vous
le 30 juin a 11 h. comme vous l'avez suggere.

Dans le cas ou il y a avait un changement
dans vos plans, vous pourriez me joindre a l'ad-
resse suivante: World Bank, 4 Avenue d'Iena, Paris
16^e.

Je vous prie de croire, Cher Monsieur, a
l'expression de mes sentiments les meilleurs.

Bela Balassa

June 1, 1970

Professor William D. G. Hunter
McMaster University
Department of Economics
University College
Hamilton
Ontario
Canada

Dear Professor Hunter:

I am sorry to say that due to other obligations I will not be able to participate in your October 23-24 conference.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

June 1, 1970

Professor R. J. Ball
London Graduate School of
Business Studies
28 Northumberland Avenue
London W.C.2.
England

Dear Professor Ball,

Thank you for your letter of May 20
and enclosures. I am sending them to Professor
Resnick of Yale who will have responsibility
for the macro-model. We have also established
contact with Messrs. Káein and Rhomberg.

Sincerely yours,

Bela Balassa
Professor of Political Economy

c.c. Stephen Resnick

June 1, 1970

Professor Larry E. Westphal
USAID - AD/E - PE
APO San Francisco, Cal. 96301

Dear Larry:

In your letter of March 13 you indicated that the 1968 input-output table will be available in mid-April. Could you please send me a copy as soon as practicable?

Sincerely yours,

Bela Balassa



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970		Barcode No. 1081684		
Document Date June 1, 1970	Document Type Memorandum			
Correspondents / Participants From: Bela Balassa To: CH. J. James Dyck				
Subject / Title Consultant Fee				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
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AB.DL.361

le 1^{er} juin, 1970

M. A. Bussery
Directeur du Departement d'Economie Industrielle
SEMA (Metra-International)
Division Developpement Industriel
Tour Super-Montparnasse
9 rue Georges-Pitard
Paris 15^e
France

Cher Monsieur,

Je vous remerce de m'avoir envoyer les documents sur l'activite de SEMA. Je les ai lu avec beaucoup d'interet.

Concernant mon projet de recherches, il y avait un changement dans nos plans et il etait necessaire de rayer *dele*. En consequence, nous ne pourrions pas utiliser les services de M. Houet. D'autre part, j'ai fait la connaissance de votre collaborateur M. Laville lors une reunion sur le Maroc.

En esperant de vous revoir a Washington ou a Paris, je vous prie d'agreer, Cher Monsieur, l'expression de mes sentiments distingues.

Bela Balassa

June 1, 1970

Mr. Alexander Stevenson
Deputy Director
Economics Department
IBRD
1818 H Street N.W.
Washington D.C. 20433

Dear Mr. Stevenson:

I wish to inform you that I will be terminating my service with the Bank on June 26. This fall I will be entering a Ph.D. program in economics at Princeton University.

It has been a very rewarding experience to work at the Bank, and I hope, perhaps, to rejoin it in the future.

Sincerely yours,

Deborah M. Sullivan

c.c. Mrs. Armstrong

le 1er juin, 1970

M. Raymond Barre
Vice-President de la Commission
des Communautés Europeennes
200 rue de la Loi
1040 Bruxelles 4
Belgium

Cher Monsieur,

Je suis heureux de pouvoir vous rencontrer lors mon séjour en Europe. Comme je vous ai indiqué dans ma lettre précédente les dates de 29 juin - 4 juillet à Paris ou 6 - 7 juillet à Bruxelles me conviendront également.

Je téléphonerai à votre bureau des mon arrivée à Paris. Dans le cas où vous voudriez me laissez un message, vous pourriez me joindre à l'adresse suivante: Banque Mondial, 4 Avenue d'Iena, Paris 16^e.

En attendant le plaisir de vous revoir, je vous prie de croire, Cher Monsieur, à l'assurance de mes sentiments les meilleurs.

Wela Balassa

le 1^{er} juin, 1970

M. Jean Weill er
6 rue Montalivet
Paris 8^e
France

Cher Ami,

Un group des chercheurs dans plusieurs Universites americains va entreprendre sous ma direction un projet de recherches sur l'experience de l'integration economique en Europe depuis 1958. Au sujet de ce projet je serai a Paris entre le 28 juin et le 4 juillet et j'espere bien d'avoir l'occasion de vous revoir. Je vous appellerai des mon arrivee.

En attendant de vous revoir, je vous prie d'agreer, Cher Ami, l'expression de mes sentiments les meilleurs.

Bela Balassa

le 1^{er} juin, 1970

M. Jean Benard
CEPREMAP
29 avenue du General Leclerc
75 Paris 14^{eme}
France

Cher Jean,

Un group des chercheurs dans plusieurs Universites americains va entreprendre sous ma direction un projet de recherches sur l'experience de l'integration economique en Europe depuis 1958. Au sujet de ce projet je serai a Paris entre le 28 juin et le 4 juillet et j'espere bien d'avoir l'occasion de vous revoir. Je vous appellerai des mon arrivee.

Amities sincerres,

Bela Balassa

le 1er juin, 1970

M. A. Cotta
Centre Universitaire Dauphine
Place du Marechal De Lattre de Tassigny
Paris 16e
France

Cher Alain,

Je suis heureux de pouvoir vous revoir, vous et votre femme, lors mon sejour a Paris. J'accepte avec le plus grand plaisir votre invitation a diner le 30 juin. Je crois que la presence d'une jeune personne ne pourriez que contribuer a l'agrement general. Je serai chez vous a huit heures se ca vous convient. Vous pourriez me joindre a l'adresse de la Banque Mondial (4 Avenue d'Iena, Paris 16e) c'etait necessaire.

Amities sincerres.

Bela Balassa

P.S.

Vous trouverez peut-etre un certain interet dans un de mes oeuvres litteraires qui est enclos.

June 1, 1970

Dr. W. M. Corden
Nuffield College
Oxford University
Oxford OX1 1NF
England

Dear Max,

I have just had the chance to read your "Substitution and the Theory of Effective Protection, A Note". I find it to be a very useful paper since it clearly states the definitional issues.

In the paper you have made references to definition ^g_j and noted the implications of this definition in the event that a Cobb-Douglas production function is used. The same argument was made in the Comment on Travis I wrote jointly with Guisinger and Schydrowsky. I sent you the paper earlier but in case you do not have it, I enclose a copy. Our joint paper will be published in the September/October 1970 issue of the Journal of Political Economy and I would appreciate it if you made a reference to it.

Sincerely yours,

Bela Balassa

P.S. enclose
3 pages

June 1, 1970

Mr. Donald S. Lamm
W. W. Norton & Co. Inc.
55 Fifth Avenue
New York, N.Y. 10003

Dear Don:

Some years ago I read for you Maddison's
"Economic Growth in Japan and the USSR". I
wonder if the book has been published; if so, I
would appreciate receiving a copy.

Look me up next time you come to Washing-
ton.

Sincerely yours,

Bela Balassa

June 1, 1970

Professor Erik Thorbecke
Department of Economics
Iowa State University
Ames, Iowa

Dear Erik:

Have you seen Economic Problems of Agriculture in Industrial Societies? It contains the Proceedings of a conference held by the International Economic Association (London: Macmillan, New York: St. Martin's Press).

Please give me a call before June 7 to tell me what your plans are for the summer.

Sincerely yours,

Bela Balassa

June 1, 1970

Professor Anthony Y. C. Koo
Department of Economics
Michigan State University
East Lansing
Michigan 48823

Dear Professor Koo:

I enclose a short paper on "Industrial Policies in China (Taiwan) and Korea" and would appreciate having your comments. In a revised form the paper will be published in a volume in honor of Raul Prebisch.

May I use the occasion to ask you to send me a reprint of your paper that appeared in the volume in honor of Professor Morgenstern?

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

June 1, 1970

The Economists' Bookshop Ltd.
Clare Market
Portugal Street
London W.C.2.
England

Dear Sirs:

Please send to my home address
one copy of Anthony Sampson's The New
Europeans, Hodder and Stoughton, 1968.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

June 1, 1970

Professor Warren S. Hunsberger
Department of Economics
The American University
Washington D.C. 20016

Dear Professor Hunsberger:

I would appreciate having your comments on the enclosed paper, "Industrial Policies in China (Taiwan) and Korea".

It was good to see you in Taipei and I hope to have the occasion to meet with you again before long.

With best regards,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

June 1, 1970

Professor Ta-Chung Liu
Chairman
Commission on Taxation Reform
Tai-Fung Building
71 Nanking (East) Road, Section II
Taipei
Taiwan

Dear Professor Liu:

I would appreciate having your comments on the enclosed paper, "Industrial Policies in China (Taiwan) and Korea".

It was good to see you in Taipei and I hope to have the occasion to meet with you again before long.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

June 1, 1970

Mr. David Cole
Harvard Advisory Group
Bappinas
Djakarta
Indonesia

Dear Dave:

I would appreciate having your comments on the enclosed paper on "Industrial Policies in China (Taiwan) and Korea". In a revised form it will be published in a volume in honor of Raul Prebisch.

Any chance that you will come to Washington in the near future? My wife and I would be happy to see both of you were you to make a visit here.

Sincerely yours,

Bela Balassa

June 1, 1970

Mrs. Irma Adelman
Department of Economics
Northwestern University
Evanston, Ill.

Dear Irma:

I would appreciate having your comments on the enclosed paper on "Industrial Policies in China (Taiwan) and Korea". In a revised form it will be published in a volume in honor of Raul Prebisch.

Best regards,

Sincerely yours,

Bela Balassa

June 1, 1970

Professor Larry E. Westphal
USAID - AD/E - PE
APO San Francisco, Cal. 96301

Dear Larry:

I enclose five copies of a short paper on "Industrial Policies in China (Taiwan) and Korea" with the request that you ask Kim Mahn Je, Lee Hee Il and others for comments. Needless to say, I would appreciate having your own comments too. In a revised form the paper will be published in a volume in honor of Raul Prebisch. I am sending a copy separately to Tom Olmstead.

I do not yet have an answer on our query concerning Kim Mahn Je's passport. I do believe, however, that it would not hurt if he himself wrote an official-sounding letter to me describing the situation since some forum at the Bank might ask for this. In the letter he should note that he would use the passport in coming to meetings on the Development Strategies in Semi Industrial Countries study to be held in November or December 1970 and in late 1971. No reference needs to be made to Princeton.

Sincerely yours,

Bela Balassa

June 1, 1970

Dr. Teng-hui Lee
Joint Commission on Rural Reconstruction
37 Nan Hai Road
Taipei
Taiwan

Dear Dr. Lee,

I would appreciate having your comments
on the enclosed paper, "Industrial Policies in
China (Taiwan) and Korea".

I trust that you are progressing with
the study on Taiwan. May I ask you to let me
know from time to time how things stand.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

June 1, 1970

Mr. Hai-Tat Lin
Council for International Economic
Cooperation and Development
Taipei
Taiwan

Dear Mr. Lin:

I would appreciate having your comments
on the enclosed paper, "Industrial Policies in
China (Taiwan) and Korea".

I hope that you enjoyed your visit to
the United States.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

June 1, 1970

Professor Kue-Shu Liang
Department of Economics
National Taiwan University
5 Lane 98
Chi-Lin Road
Taipei
Taiwan

Dear Professor Liang:

I would appreciate having your comments on the enclosed paper, "Industrial Policies in China (Taiwan) and Korea".

I have not yet received a copy of your thesis. As I indicated to you, I would be interested to see it.

Sincerely yours,

Bela Balassa

consult

E. Dept.

June 1, 1970

Mr. T. K. Tsui
Director
Third Division
Council for International
Economic Cooperation and
Development
Taipei
Taiwan

Dear Mr. Tsui:

I would appreciate having your comments on the enclosed paper, "Industrial Policies in China (Taiwan) and Korea".

It was good to see you in Taipei and I hope to have the occasion to meet with you again before long.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

June 1, 1970

Mr. Gilbert T. Brown
Office of Program & Policy Coordination
AID
Washington D.C. 20523

Dear Gil:

I am somewhat ashamed that while I haven't commented on your chapter on the Korean interest rate, I am now soliciting your comments on my "Industrial Policies in China (Taiwan) and Korea". I know, however, that you maintain your interest in the subject and I would be happy to have your reactions to the paper. In a revised form it will be published in a volume in honor of Raul Prebisch.

Best regards,

Sincerely yours,

Bela Balassa

June 1, 1970

Mr. Thomas Olmstead
USAID Economic Branch
United States Mission - Korea
APO San Francisco, Cal. 96301

Dear Tom:

I enclose a short paper on "Industrial Policies in China (Taiwan) and Korea" and would appreciate having your comments. In a revised form the paper will be published in a volume in honor of Raul Prebisch.

It was good to see you in Washington. I trust that by now you are back in the old treadmill.

Sincerely yours,

Bela Balassa

May 29, 1970

Professor Robert M. Stern
Department of Economics
University of Michigan
Ann Arbor
Michigan 48104

Dear Bob:

I am directing a project on European integration under an NSF grant. I am told that you might be carrying out a similar ~~research~~ project, in which case it would be helpful if we exchanged information. I caught a glimpse of you in Toronto but had to leave before having a chance to talk to you. I now enclose a short description of my project with the request that you let me know if you are working on related problems.

Sincerely yours,

Bela Balassa

May 29, 1970

Professor Etienne S. Kirschen
Free University of Brussels
Department of Applied Economics
49 rue du Chatelain
Brussels 5, Belgium

Dear Etienne,

I look forward to seeing you on July 6. I will be coming with two of my collaborators, one of whom is working on the micro model while the other will study the trade creation/trade diversion issue.

As regards the two points you mention, I will deal with the problems of monetary integration in my own study while Max Kreinin will explore the effects of the EEC and EFTA on the associated countries. We do think that there is enough there to warrant a separate study.

Looking forward to seeing you,

Sincerely yours,

Bela Balassa

May 29, 1970

Dr. B. Molitor
Commission of the European Communities
200 rue de la Loi
Brussels 4
Belgium

Dear Dr. Molitor,

Many thanks for your letter of May 15. I would be glad if I could see you on July 6, the first day of my stay in Brussels. I have a luncheon appointment at 1.30 p.m. with Etienne Kirschen and Jean Waelbroeck but would be free either at 10.00 a.m. or at 4.00 p.m., depending on your preference. May I ask you to let me know the time you prefer at the Paris office of the World Bank (4 Avenue d'Iena, Paris 16^e), where I can be reached the week before my coming to Brussels.

Sincerely yours,

Bela Balassa
Professor of Political Economy

June 11, 1970

Dr. Zvi Sussman
Director
Research Department
Bank of Israel
Jerusalem
Israel

Dear Dr. Sussman,

Mr. Balassa will be arriving in Tel Aviv on Saturday, June 20 at 6.55 p.m. (flight BA.308 from Zurich) and will stay until June 24.

Sincerely yours,

Secretary to
Bela Balassa

sent also to: Phenicia Hotel
Rex Hotel

May 27, 1970

Mon Repos Hotel
Rue de Lausanne 131-133
Geneva
Switzerland

Dear Sirs,

I would like to make reservations for the following people for the dates indicated:

Mr. Bela Balassa	June 24 - June 28
Mr. & Mrs. Stephen Resnick	June 23 - June 28
Mr. & Mrs. Edwin Truman	June 23 - June 28

Please advise what your charges are for the rooms and let me know if you need a deposit. We would like to have rooms in the lower price range but with bath. Your answer by return airmail would be appreciated.

Sincerely yours,

Bela Balassa
Professor of Political Economy

Please reply to
Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

le 25 mai, 1970

Park Hotel
Pres du Cinquantenaire
Brussels
Belgium

Monsieur,

Je vous prie de bien vouloir reserver
trois chambres du 4 au 8 juillet pour les per-
sonnes suivantes: 5

M. Bela Balassa
M. et Mme. Stephen Resnick
M. et Mme. Edwin Truman

Veuillez trouver ci-enclos un cheque de
US\$30. Salutations distinguees.

Bela Balassa
Professor of Political Economy

Home Address

2139 Wyoming Avenue, N.W.
Washington D.C. 20008
USA

May 18, 1970

California Hotel
Geneva
Switzerland

Dear Sirs,

I would like to make reservations for
the following people for the dates indicated:

Mr. Bela Balassa	June 24 - June 28
Mr. & Mrs. Stephen Resnick	June 23 - June 28
Mr. & Mrs. Edwin Truman	June 23 - June 28

Please advise what your charges are for
the rooms and let me know if you need a deposit.
We would like to have rooms in the lower price
range. Your answer by return airmail would be
appreciated.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

HOME ADDRESS:
2139 Wyoming Ave.N.W.
Washington D.C. 20008
USA

NO

also sent: Hotel Mont Blanc
28 r de la Huchette, Paris 5

Hotel Le Lys
23 rue Serpente, Paris 6

June 1, 1970

Hotel Alsace
13 rue des Beaux Arts
Paris 6e
France

Monsieur:

Je vous prie de bien vouloir reserver
trois chambres du 28 juin au 4 juillet pour
les personnes suivantes:

M. Bela Balassa
M. et Mme. Stephen Resnick
M. et Mme. Edwin Truman

Veillez me faire savoir le prix des
chambres. Nous aimerions avoir des chambres
avec douche ou salle de bain se possible.

Bela Balassa
Professor of Political Economy

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

le 29 mai, 1970

Sc

Scandinavia Hotel
27 rue de Tournon
Paris 6^e
France

Chere Madame,

Je viens de recevoir votre lettre m'indiquant que vous n'avez plus assez de chambres disponible pour nous en reserver trois. J'espere neanmoins que vous pourriez me reserver une chambre pour moi-meme pour la periode indiquee (28 juin - 5 juillet). Je suis un client de longue date qui revient tous les ans depuis six ans.

Je vous

Je vous prie d'agreer, chere Madame, l'expression de mes sentiments des meilleurs.

Bela Balassa

Adresse Personnelle
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

P.S.

En esperant que vous pourriez me reserver une chambre, ci-enclos mon cheque de 150 francs.

le 18 mai, 1970

Hotel Scandinavia
28 rue de Tournon
Paris 6e
France

Chere Madame,

Je vous prie de bien vouloir reserver
trois chambres du 28 juin au 4 juillet pour
les personnes suivantes:

M. Bela Balassa
M. et Mme. Stephen Resnick
M. et Mme. Edwin Truman

Veuillez trouver ci-enclos un cheque
de NF.150.

Salutations distinguees,

Bela Balassa
Consultant
Economics Department

Home Address:
2139 Wyoming Ave. N.W.
Washington D.C. 20008
USA

May 29, 1970

Mr. Alfio Moriconi
Apt. 516
2801 New Mexico Avenue N.W.
Washington D.C. 20007

Dear Mr. Moriconi:

My friends and I have decided not to join Vini Internazionali. This decision has been motivated in part by some price comparisons we have made and in part by the fact that about two months after the receipt of the price lists from Vini Internazionali, these were declared invalid. Needless to say, I will continue to be a faithful customer of Calvert Liquor.

May I ask you to return my check for \$100 that was sent to you in March.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

May 28, 1970

Mr. Bela Kadar
Instituto de Estudios Internacionales
Universidad de Chile
Casilla 11,187
Succursal 21
Santiago
Chile

Dear Bela,

Many thanks for your card that arrived from Chile. Incidentally, I was there in mid-January for a few days but I suppose that you arrived afterwards. I will be going to Hungary in June and I am sorry that I will miss you there.

I recently sent you a reprint of my paper on the Hungarian reform. I now enclose another paper which deals with both Hungary and Chile. A copy had earlier been sent to you in Budapest.

Sincerely yours,

Bela Balassa

May 28, 1970

Professor Jean Waelbroeck
Universite Libre de Bruxelles
Departement D'Economie Appliquee
49 rue du Chatelain
Brussels 5
Belgium

Dear Jean,

I look forward to seeing you on July 6. I will be coming with two of my collaborators, one of whom is working on the micro model while the other will study the trade creation/trade diversion issue.

We plan to publish the individual studies in one volume and we can talk about this at the time of our visit.

I will be happy to have the occasion to see you when you visit the U.S. in the second half of November. I will arrange for an invitation to Johns Hopkins. We can offer you a small fee plus transportation expenses for delivering a paper at our seminar. If possible, let me have the title of your proposed talk at the time of our meeting in Brussels.

Sincerely yours,

Bela Balassa

May 28, 1970

Professor Luis Eugenio Di Marco
Universidad Nacional de Cordoba
Facultad de Ciencias Economicas
Cordoba
Argentina

Dear Professor Di Marco:

I enclose a draft of my paper "Industrial Policies in China (Taiwan) and Korea". The final version will be ready around mid-July. I would appreciate it if you would let me know about the publication arrangements and inform me if the book will indeed be published in English in addition to Spanish. I would also like to have for reference the exact title of the book and the name of the publisher.

With best regards,

Sincerely yours,

Bela Balassa



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970		Barcode No. 1081684		
Document Date May 28, 1970	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Credit Lyonnais				
Subject / Title Account information				
Exception(s) Financial Information iv				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

28 Mai, 1970

Johann Philip
Freiherr von Bethmann
265 Märfelder Landstrasse
Frankfurt
West Germany

Liebe Margrit und Hans:

Den 8 und 9sten Juni werde ich an einem
Konferenze des Instituts für Weltwirtschaft der
Universität Kiel teilnehmen. Aus Kiel fahre
ich nach Budapest via Hamburg und Frankfurt und
werde einige Stunden in Frankfurt verbringen.
Wäre es möglich, ich möchte sehr Sie besuchen.
Mein Flugzeug kommt um 12.05 Uhr an und ich werde
um 17.00 Uhr weiterfahren.

Antworten Sie mir bitte an dieser Adresse
oder am Institut in Kiel.

Mit herzlichen Grüßen

Ihr

May 28, 1970

Mr. John H. Power
P.O.Box 173
Quezon City
Philippines

Dear John:

After the usual delays we have now typed the nearly final version of your chapters on the Philippines and Malaysia. I say "nearly final" since the corrections and additions contained in your letter of May 14 have not been made yet. These will be made together with any further changes you suggest before the publisher gets the final copy in July. The book will be published for the World Bank by the Johns Hopkins Press and it will appear early next year.

Our differences concerning the share of manufacturing in GNP seem to be due to the fact that the figures I looked at are in current prices while your data are in constant prices. I will make the appropriate changes in line with the figures you gave me. The same holds for the revisions made necessary by the revised figures in Table 11.1. It is okay if Table 11.3 is not updated; in some other chapters we could not update some tables either.

I too am puzzled about plywood and veneer; it would seem that we use different sources. According to the Yearbook of International Trade Statistics, the share of these exports in the total was 3.8 percent in 1967, up a considerable extent from 1965. It is true, however, that the percentage was as high as 3.3 percent in 1959. Nevertheless, exports of \$33 million in 1967 is quite respectable even in comparison with the figures for Korea and Taiwan that were \$36 million each in the same year.

As to the clothing exports, a sudden increase is shown after 1963. The footnote in the Yearbook of International Trade Statistics for 1963 indicates that the figures do not include embroidery and under-garments produced on a consignment basis from imported materials. I presume that the inclusion of the figures in later years accounts for the large jump. Unless you inform me otherwise, I will add a sentence to this effect.

I am sorry for the Despres thing but this is a price we have to pay for sponsorship and publication by the Bank. In a similar instance, I have been asked to delete a reference to unnecessary prestige projects in Iran. I trust, however, that neither of these deletions materially affects our arguments.

Sincerely yours,

Bela Balassa

May 28, 1970

Mr. Dermot McAleese
The Economic & Social Research Institute
4 Burlington Road
Dublin 4
Ireland

Dear Dermot,

I have just read your introductory chapters. It is fine as it is but I wonder if you have to go into so much detail. I understand that what you say is not familiar to the general economist; it is still nothing else but a summary of existing research.

I am sorry to hear that a Hopkins degree is not highly regarded in Ireland and that you suffer the consequences in the form of a low salary. Is there any chance of supplementing it with outside work? Incidentally, if and when I have the chance to come to Ireland, I will explain to your supervisors that the professor's contribution to a thesis in an American university is rather small.

I am afraid that I could not arrange for your participation in a meeting of the World Bank project for the simple reason that there will be no such meeting in Europe. I will be in Paris, however, between June 29 and July 3 and will be glad to see you there. Perhaps you could combine it with a short vacation and find some relatively inexpensive way to get to Paris. If you want a cheap and reasonable hotel I recommend Hotel du Levant in the rue de la Harpe, Paris 5. I warn you, however, that they don't speak English.

I am leaving for Europe on June 7 and I trust that your letter will reach me by then. Should this not be the case, it will be forwarded to Hungary.

Sincerely yours,

Bela Balassa

May 28, 1970

Mr. Trent Bertrand
Federal Palace Hotel
P.O.Box 1000
Victoria Island
Lagos
Nigeria

Dear Trent:

I am not surprised that you are running into the problems you describe. As regards the breakdown of inputs, the East African mission has been quite successful in obtaining information through visits to individual plants. On the nominal rate of protection, I wonder if you can provide meaningful results without making price comparisons for the items that are subject to quotas.

I will be in my office on June 5 in the morning and on June 6 most of the day, and shall be happy to discuss your study with you. I am returning from Europe on July 9 and we can talk again about your results then.

With best wishes for a pleasant stay,

Sincerely yours,

Bela Balassa

May 28, 1970

Dr. W. M. Corden
Nuffield College
Oxford OX1 1NF
Oxon
England

Dear Max,

By the time I leave for Europe on June 7 I will have the book on the "Structure of Protection" completed. Typing will take somewhat longer so I suppose you can have a complete set of the volume by the end of June. It will be sent to you airmail.

In the volume I have two references to your forthcoming book and I may add an additional reference or two at the time of copy editing. I would like to have, therefore, the exact title of the book, the name of the publisher and the exact publication date. Needless to say, I would also appreciate it if I could have the manuscript of the book itself; since I will be away until early July it would be fine if you sent it seawail.

Sincerely yours,

Bela Balassa

Mr. Arthur Karsz

May 28, 1970

Bela Balassa

Personal

This is a short note to tell you that I will be in Paris between June 29 and July 3. I would like to have the occasion to see you if you are in Paris at that time. Could you perhaps reserve lunch for June 29? I will give you a call after I arrive.

BBalassa:alj

May 28, 1970

Mrs. Alice Vandermeulen
Western Economic Journal
Department of Economics
University of California
Los Angeles, Calif. 90024

Dear Mrs. Vandermeulen:

Mr. Lage's paper is fine in its present form and I suggest publication. I have retained the copy of his paper for my own use on the assumption that you have other copies. Should this not be the case I will be glad to return it.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 28, 1970

Dr. Marcelo Selowsky
Universidad Catolica de Chile
Casilla 111, D
Santiago
Chile

Dear Marcelo:

I am sorry to hear from your letter of March 9 that it was not possible to speed up the preparation of the input-output matrix. As you indicate, according to the present timetable, the matrix would be completed by September 1971. With possible slippage, this would take us approximately to the date when the country studies in the project are scheduled to be completed. In these circumstances, I am afraid that we cannot at this point plan to include Chile in the project. This decision could be changed if there is a slippage in the other studies and the Chilean table is ready on schedule. I am sorry that I cannot write anything more positive at this stage but you can understand the time problem we have. Nevertheless, let us keep in each other informed so as to see how things develop.

Best regards,

Sincerely yours,

Bela Balassa

cc. Mrs. Neufeld

May 28, 1970

Miss Teresa Jeanneret
M34 Sage Hall
Cornell University
Ithaca
New York 14850

Dear Teresa:

Thank you for the revision of the 30 pages and the Appendix of your chapter. I have made some further changes and the revised version will be sent to you shortly. You may want to wait with the revision of your conclusions until you receive the chapter. I would also appreciate any further suggestions for improvement. Please let me have the title of Cabezon's thesis you refer to on page 1.

The volume will go to the publisher after my return from Europe in mid-July.

Sincerely yours,

Bela Balassa

P.S. I am returning the Spanish version of your chapter.

Messrs. Fink/Moisy/Waterston

May 28, 1970

Bela Balassa

Wines

Dear

I enclose a chart comparing prices for selected Bordeaux in some Washington stores and from Vini Internazionali, through which wines could be ordered directly. As you can see, the quotations for the latter include the approximately \$5 per case transportation and customs charge but do not include an allocation for the \$100 fee we would have to pay.

For medium-priced wines the Central Liquor Store compares favorably with Vini Internazionali. Another store, Harry Siegel, can also offer competitive prices on some wines. I suggest, therefore, that we don't join Vini Internazionali.

Price Comparisons for Selected Bordeaux Wines

	<u>VI</u>	<u>AA</u> --	<u>CL</u>	<u>C</u>
Lagrange 1961	37.70	54.00	-	-
Lasseque 1961	22.30	-	-	35.50
Bel Orme 1961	26.90	-	-	37.70
Trottevielle 1964	35.40	-	-	48.50
Coufran 1962	17.75	27.00	-	32.30
St. Pierre Sevaistre 1967	27.00	-	-	37.70
Lynch Bages 1961	43.50	48.60	38.50	-
Bayecheville 1966	43.10	39.50	-	-
Leoville Poyferre 1966	38.35	-	32.50	-
Colon Segner 1967	31.60	-	30.50	-
de Pez 1966	26.40	-	27.50	-
Haut Batailly 1966	29.10	-	36.00	-

Explanation of Symbols

VI	Vini Internazionali
AA	A & A Liquor Store
CL	Central Liquor Store
C	Calvert Liquor Store

All the wines indicated are Chateau wines. Prices are given per case.

May 27, 1970

Dr. B. T. McCallum
Department of Economics
University of Virginia
Charlottesville, Va. 22903

Dear Dr. McCallum:

This is to recommend Mr. Fred Meltzer for admission to your University. Mr. Meltzer was in my graduate course on international trade theory in the 1969-70 academic year, and has given a creditable performance. Meltzer is a good, solid student who should be able to excel in an environment where there is no pressure for high achievement in mathematical economics. This is not to say that he does not have a good background in mathematics but the Hopkins requirements in this field are far above those of leading graduate schools.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 26, 1970

Professor Tibor Scitovsky
Department of Economics
Yale University
Box 1905A Yale Station
412 Strathecona Hall
New Haven, Conn. 06520

Dear Tibor:

I am sending you under separate cover a copy of Walters' book. I cannot send you two copies since the Bank doesn't give these away free. If you wish to have a second copy you may order it from the Johns Hopkins Press; the price is \$5.00.

While I was at a meeting in New Haven on a Saturday ten days ago, I didn't contact you because I was leaving with my colleagues Thorbecke and Kreinin immediately after the meeting ended.

Sincerely yours,

Bela Balassa

P.S.

I am now preparing the final version of the "Structure of Protection" volume. In one or two places I would like to cite the book you have written jointly with Ian Little and Maurice Scott. May I ask you to give me the exact reference.

Mr. Francisco Aguirre-Sacasa

May 26, 1970

Bela Balassa

Research Assistant

I have interviewed Messrs. Luis Torres and Murcheson Henry, and Misses Mary Lightle and Constance Morris for a position of Research Assistant. In the interview I have tried to test the intellectual ability, economics preparation, and the mathematical competence of the candidates.

I find that in the above respects the two girls are superior to Torres and Henry. My discussion with Torres confirms the picture provided by his low grades at George Washington and Georgetown Universities. Torres' intellectual capacity appears to be somewhat limited and he does not seem to be a hard worker. Henry could possibly be used elsewhere in the Bank; I have no doubt that he would try to do his best but I find him somewhat slow and he is not quite what I am looking for.

Both girls are very promising. They are intelligent, have good economic backgrounds and can also work with figures. My choice of Miss Morris is motivated by her more advanced economic training as well as by her career interest in development economics. I strongly suggest, however, that if there is any other Research Assistant position available you should seriously consider Miss Lightle. In this connection I would like to add that Miss Lightle has taken calculus in college and has been working with computers.

I would like it if Miss Morris could start working for me on June 15 so as to overlap for about two weeks with Debbie Sullivan who is likely to leave on June 26. This overlapping would make it possible for Miss Sullivan to initiate Miss Morris in the type of work being done for me, to show her the major statistical sources used, and to hand over the work being done. *presently under way.*

c.c. Mr. Lowther

BBalassa:alj

Mr. Bala Balassa

May 26, 1970

Alexander Stevenson

Terms of Reference

You are requested to travel to Kiel, West Germany, to participate in the Conference on "Changing Structures in the World Economy", and then proceed to Jerusalem to have discussions on the Israeli study in the "Development Strategies in Semi-Industrial Countries" project.

c.c. Mrs. Armstrong

BBalassa:alj

May 22, 1970

Mr. J. Lanner
Head of the Economic Dept.
EFTA
9-11 Rue de Varembe
CH-1211
Geneva 20
Switzerland

Dear Mr. Lanner,

Many thanks for your letter of May 14. May I suggest that I come to see you with my collaborators at 10.00 a.m. on June 25. Unless you inform me otherwise, we will come to your office on that date.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 22, 1970

Mrs. Anne Tassi
Yale University
Department of Economics
37 Hillhouse Avenue
New Haven, Conn.

Dear Mrs. Tassi:

This is in response to your note. I have informed the Hungarian newspaper of the change in my address and as a result they are now sending copies both to New Haven and to Washington. I will write to them again to ask them to stop sending the newspaper to New Haven. Should you get any more copies or any other printed matter, please throw it away. May I ask you to tell Mary Doody about this also.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 22, 1970

Magyar Hírek
Budapest 62
Hungary

Dear Sirs,

This is to inform you that my present home address is 2139 Wyoming Avenue N.W., Washington D.C. 20008, USA. Please send your publication to this address instead of to 37 Hillhouse Avenue, New Haven, Conn. and 2500 Que Street N.W., Washington.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 22, 1970

Mr. Walter S. Salant
The Brookings Institution
1775 Massachusetts Ave. N.W.
Washington D.C. 20036

Dear Walter:

I enclose copies of my comments on papers by Laffer and Mundell circulated in Madrid. Needless to say, I would appreciate any comments you may have.

Sincerely yours,

Bela Balassa

May 25, 1970

Miss Trudi Zentl
The Johns Hopkins University
Department of Political Economy
Baltimore
Md. 21218

Dear Trudi:

If it is still possible, will you please
add the following to Mr. Balassa's list of pub-
lications:

Reviewed Carl S. Shoup (ed.), Fiscal
Harmonization in Common Markets, in
Political Science Quarterly, June 1970.

Sincerely yours,

Secretary to
Bela Balassa

May 22, 1970

Professor Lloyd G. Reynolds
Yale University
Department of Economics
37 Hillhouse Avenue
Box 1972 Yale Station
New Haven, Conn.

Dear Lloyd:

I will be happy to read the draft of your book on comparative economics. I am afraid, however, that I will not be able to do so until about July 10 when I return from Europe. I am leaving shortly and the many things that usually accumulate before a trip will not let ~~me~~ ^{me} get to the book. Please let me know if comments received around mid-July might still be of help to you.

Carol joins me in sending best wishes to Mary and yourself for a pleasant summer.

Sincerely yours,

Bela Balassa

May 25, 1970

Mrs. Leah Smith
Department of Economics
North Carolina State University
Raleigh, N.C.

Dear Leah:

I have now had the chance to read your chapters and am passing them on to Dr. Newman. I have made numerous comments in the margins; some general observations follow.

Chapter 2 is basically correct but it would need considerable revision. Pages 1 to 3 should go into an introduction for the entire thesis and would require more detailed explanation. The section on the Chenery method is rather uneven and you often refer to the estimates made in the country chapters which does not properly belong in a chapter on methodology. Also, more should be said on the combination of the Chenery and Johnson approaches and on the economic meaning of alternative procedures.

I further wish to make a terminological point which pertains to chapter 2 as well as to the chapter on Colombia. As you correctly note, $M_{it}^* - M_{it}' > 0$ means that consumption grows faster than GDP, while $M_{it}' - M_{it} > 0$ means that production grows faster than consumption. It is not appropriate, however, to call the former "consumption effect" and the latter "production effect" since they entail different sorts of biases. What you call "consumption effect" is pro-trade biased while your "production effect" is anti-trade biased; the former tends to increase imports while the latter reduces them. Putting it differently, your "consumption effect" is an off-setting factor to import substituting changes in production.

Your introduction to the Colombian chapter is sometimes rambling, sometimes too concise. You will have to establish a better way to impart the necessary information to the reader. It is especially important to avoid obiter dicta; you often cite the opinion of other researchers without comment and qualification. You should also go carefully through the discussion of the results, which could stand improvement.

Best wishes for the addition to your family.

Sincerely yours,

cc.Dr.Newman

Bela Balassa

Mr. Alexander Stevenson

May 25, 1970

Bela Balassa

"Structure of Protection in Developing Countries"

In the last few weeks we have completed the final revision of the country chapters (ch. 6 to 12) of the "Structure of Protection in Developing Countries" volume. The revision of the general chapters (ch. 1 to 5) will be completed by the time of my departure, June 7.

In the typing of the country chapters we have had the help of Mrs. Jean Green who has now been assigned to Professor Silcock. Unless someone else can be detailed to us to help with the typing of chapters 1 to 5, I would like to ask your permission for my secretary, Miss Anne Jeffery, to do some overtime.

cc. Mrs. Armstrong

BBalassa:alj

May 21, 1970

Miss Betty Barron
Economica Publishing Office
The London School of Economics
Houghton Street
Aldwych
London W.C.2.
England

Dear Miss Barron,

I am pleased to return herewith the corrected proof of Mr. Balassa's "The Impact of the Industrial Countries' Tariff Structure on Their Imports of Manufactures from Less Developed Areas: A Reply", together with his reprint order.

Sincerely yours,

Secretary to
Bela Balassa

Mrs. Helen Hughes

May 21, 1970

Bela Balassa

Prospects for Southeast Asia in the 1970s

I return your paper on the above subject with some marginal notations. While I am in general agreement with the contents, I wonder if some readers might not consider your description of labor employment and foreign investment somewhat cavalier.

BBalassa:alj

May 21, 1970

Miss Mary A. Lightle
Rhoads Hall North
Bryn Mawr College
Bryn Mawr, Pa. 19010

Dear Miss Lightle:

This is to confirm the appointment that has been made for you to see Mr. Balassa at 11.00 a.m. on Tuesday, May 26. Could you please bring with you a copy of your academic transcript.

Sincerely yours,

Secretary to
Bela Balassa

Mr. Andrew M. Kamarck

May 21, 1970

Bela Balassa

Mr. Kim Mahn Je

As the following extract from a letter by Professor Larry Westphal, dated May 9 1970 indicates, Mr. Kim Mahn Je, our joint contributor to the Korean study in the Development Strategies in Semi-Industrial Countries project, with Larry Westphal, is not entitled to an exit visa from Korea. It also appears that he would nevertheless be able to come to the United States if he gets a U.N. laissez-passer from the Bank. As his presence is necessary at the meetings to be held on the project in November or December 1970 and in late 1971, I would like to ask for your help in obtaining a laissez-passer for him.

"A quick letter to inform you that Kim Mahn Je and I have signed the contracts for the 'government incentive policy toward producers' study. There is one hitch regarding Mahn Je's participation, and we are hopeful that you can help us out. Several weeks ago the Foreign Ministry ruled that anyone wanting to obtain an exit visa from Korea (i.e. a passport) had to show proof that he had served in the military. Valid exemptions are irrelevant. If you have not served, you may not obtain a visa. Kim Mahn Je has not served in the army (but has a perfectly legal exemption) and is therefore unable to leave the country. He informs me that if he held a United Nations passport he would be able to leave and return to Korea at will. I understand that staff members of the IBRD are entitled to a United Nations passport. Would it be possible to obtain one for Kim Mahn Je as a consultant to enable him to leave Korea to attend the meeting in Washington in December?"

cc. Mr. Lowther

BBalassa:alj

May 21, 1970

Miss Trudi Zentl
Department of Economics
The Johns Hopkins University
Baltimore, Md. 21218

Dear Trudi,

I enclose a list of four people to whom the detailed descriptions of the European integration studies are to be sent. Mr. Balassa left these with you yesterday.

Please will you send me a small supply of medium-size Hopkins letterheads and legal-size envelopes.

Sincerely yours,

Secretary to
Bela Balassa

May 21, 1970

Mr. Halberg
Chief Trade Section
Research Division
UN Economic Commission for Europe
Geneva, Switzerland

Dear Mr. Halberg,

After a few years' hiatus I am again returning to the problems of European economic integration. As the enclosed description indicates, I am directing a research project which includes among other things an analysis of trade creation and trade diversion in the EEC and EFTA. In connection with this project, I will be in Geneva from June 24 to 28 and would like to see you and your colleagues who might be interested in this subject. I would also like to ask you to arrange a meeting for me with the Director of the Research Division.

I am sending under separate cover a detailed description of the studies to be undertaken.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 21, 1970

Professor Gerard F. Adams
Department of Economics
University of Pennsylvania
Philadelphia, Pa. 19104

Dear Professor Adams:

I am presently directing a research project on European economic integration which is financed by the National Science Foundation. As the enclosed description indicates, this project includes a macro model, for which Stephen Resnick has primary responsibility. Given your work on European econometric models, I presume that you may be interested in being informed of our study. I will send you under separate cover the complete research descriptions in the hope that we would have the occasion to talk to you on some future occasion.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 21, 1970

Professor Lawrence R. Klein
Department of Economics
University of Pennsylvania
Philadelphia, Pa. 19104

Dear Professor Klein:

I am presently directing a research project on European economic integration which is financed by the National Science Foundation. As the enclosed description indicates, this project includes a macro model, for which Stephen Resnick has primary responsibility. Given your work on project Link, I presume that you may be interested in being informed of our study. I will send you under separate cover the complete research descriptions in the hope that we would have the occasion to talk to you on some future occasion.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 21, 1970

Mr. Gardner Patterson
Assistant Director-General
Department of Trade Policy
GATT
Villa le Bocage
Palais des Nations
CH-1211
Geneva 10
Switzerland

Dear Gardner:

I am coming to Geneva in connection with the ^a project on European integration I am directing. I would very much like to have the occasion to see you and would also like to talk to some of your collaborators, especially M. Carre, about the estimation of trade creation and trade diversion we plan to carry out. I shall be in Geneva from June 24 to June 28.

I enclose a short description of the project; a detailed description of the individual studies is being sent to you under separate cover.

Sincerely yours,

Bela Balassa

Mr. Louis Goreux

May 20, 1970

Bela Balassa

Dr. H. W. Gottinger

I enclose the curriculum vitae and bibliography of Dr. H. W. Gottinger who expressed an interest in joining the Bank. Dr. Gottinger is likely to come to Washington in late July for an interview.

BBalassa:alj

also sent to Messrs. Kamarck & Adler

May 20, 1970

Economic Growth Center
Yale University
Box 1987, Yale Station
New Haven, Conn.

Dear Sirs:

While I received all the Center Papers until no. 112, later numbers have not been sent to me. May I ask you to check your mailing list and to send me future numbers as well as those after 112.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 20, 1970

Dr. H. W. Gottinger
Jahrbuch der Wirtschaft Osteuropas
Scheinerstrasse 11
8 Munich 80
West Germany

Dear Dr. Gottinger,

Thank you for your letter of May 4. I have talked to Mr. Louis Goreux, the Director of the Basic Research Center, and he expressed interest in exploring the possibility of your joining the Center. He will not know before the end of the year, however, the number of posts he will have for the fiscal year July 1971/June 1972. I am also sending copies of your curriculum vitae to Mr. Andrew Kamarck, Director of the Economics Department, and Mr. John Adler, Director of the Programming and Budgeting Department. I do not know, however, if your interests would fit the work of these Departments.

If you have an interest in joining the Bank I would suggest that you stop in Washington on your way to the West Coast. I will be back in Washington around July 10 and would be glad to have the opportunity to meet you.

I have not yet received the first volume of your Jahrbuch which was to appear in January 1970. I would appreciate it if you could send me a copy.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 20, 1970

Professor George H. Borts
Department of Economics
Brown University
Providence
R.I. 02912

Dear Professor Borts:

Thank you for your letter of May 13.

I will make the changes you suggest. The
last sentence on page 1 was indeed not care-
fully phrased.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 20, 1970

Professor Ian MM McDougall
Monash University
Faculty of Economics and Politics
Clayton
Victoria
Australia 3168

Dear Professor McDougall,

Many thanks for sending me your paper
on nontraded goods. I am looking forward to
reading it.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Mr. Adelio Pipino

May 20, 1970

Bela Balassa

"Industrial Protection in Developing Countries"

I am afraid that you are right in your comment on the formula. Somewhere along the line two terms from the numerator seem to have gotten lost.

BBalassa:alj

May 20, 1970

Professor Stephen A. Resnick
Yale University
Department of Economics
Economic Growth Center
Box 1987, Yale Station
New Haven, Conn. 06520

Professor Edwin M. Truman
Yale University
Department of Economics
Box 1905-A Yale Station
Sheffield-Sterling-Strathcona Hall
New Haven, Conn. 06520

Dear Steve and Ted:

I am writing to hotels in Geneva, Paris and Brussels as promised. I will let you know as soon as I hear from them.

I came across two sources which might be useful in your work. I am told that Maizels computed unit value indices for some commodity groups for the 1950's in Industrial Growth and World Trade. Also there is an article by Barger called "Growth in Developed Nations" in the May 1969 issue of the Review of Economics and Statistics which you might find of interest.

I very much enjoyed the discussion we had last Friday and Saturday and I believe that all of us benefitted from the meetings.

Sincerely yours,

Bela Balassa

May 20, 1970

Mr. Erven J. Long
Associate Asst. Administrator for
AID Research and University Relations
Department of State
Washington D.C. 20523

Dear Mr. Long:

This is in response to your letter of May 15 in which you request information on the uses of the results of a study I carried out for AID in the years 1961-64. The findings of the study were published in book form by Richard D. Irwin for the Yale Economic Growth Center under the title "Trade Prospects for Developing Countries". The book was sold in about 3000 copies and it is still in print.

I am not familiar with the question to what uses the book might have been put at AID. I presume, however, that it was sent to your country missions which use it in making projections for exports. Indeed, this is the use to which it has been put by international agencies and a number of developing countries. It has been used in the IBRD, FAO and GATT in making export projects, and on my travels in developing countries I have found it being used there too. I have been told repeatedly that this is the only book presenting comprehensive long-term projections for the exports of developing countries in a detailed commodity breakdown, and as such it is of considerable use for planning purposes.

You might get information on the uses of the book from Mr. Antonio J. Macone of the IBRD, and by writing to the Research Directors of FAO and GATT. I am afraid, however, that I cannot provide you with names and addresses of people who could give information on the uses of the book in developing countries.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 20, 1970

Professor Larry E. Westphal
USAID - AD/E - PE
APO San Francisco, Cal. 96301

Dear Larry:

This is to acknowledge your letter of May 9 as well as the receipt of data you sent to me in March. I am making inquiries to see if it is possible to get a United Nations passport for Kim Mahn Je and will let you know the results.

Irma also told me about the difficulties encountered at EPB. I very much hope that moving the data collection to the Ministry of Finance will speed up matters somewhat.

Carol joins me in sending our best regards to Myrt, Michelle and yourself.

Sincerely yours,

Bela Balassa

P.S.

Martha and Tom Olmstead are here; we had them for dinner the other night.

May 19, 1970

Hungarian National Bank
IBUSz B.C. Account
Budapest
V Szabadsag ter 8/11
Hungary

Dear Sirs,

I enclose a cheque for \$250 (two hundred and fifty dollars) for Mr. George Balassa, Matrai utca 9, III 1, Budapest I. This amount is to be used by the recipient for purposes of foreign travel.

I would appreciate your early attention to this matter, and inform the recipient as well as myself on the arrival of the money.

Sincerely yours,

Bela Balassa

Please reply to my home address:
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

May 18, 1970

Miss Renee Arnaut
The Hertz Corporation
Rent A Car Division
P.O.Box 617
LaGuardia Airport Station
Flushing, N.Y. 11371

Dear Miss Arnaut:

In reply to your letter of May 7 I would like to inform you that I rented the car on March 1st, 1970. I now look forward to receiving a copy of the bill.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20433

May 18, 1970

Professor Erik Thorbecke
Department of Economics
Iowa State University
Ames, Iowa

Dear Erik:

Enclosed are the charges for the car rental. Please add \$11.00 for the dinner at the Tivoli, and \$2.70 for the taxi in Washington (I had to pay two separate fares at the end), and send me a check for \$28.37.

Carol and I very much enjoyed your company on Saturday night. Many thanks for your contribution to the dinner.

Sincerely yours,

Bela Balassa

May 18, 1970

Professor Max Kreinin
Department of Economics
Michigan State University
East Lansing, Mich.

Dear Max:

Enclosed are the charges for the car rental. Please add \$11.00 for the dinner at the Tivoli and send me a check in the amount of \$25.67.

It was good to see you again and I look forward to our next meeting in September.

Sincerely yours,

Bela Balassa

May 18, 1970

Professor Richard D. Portes
Princeton University
Woodrow Wilson School of
Public and International Affairs
Graduate Program Office
Princeton, N.J. 08540

Dear Richard:

Many thanks for sending me your paper
on the Hungarian Economy 1966-1970. I look
forward to reading it on my way to Budapest.

I plan to arrive in Budapest on the
evening of June 10 for a period of ten days.
I will be staying at the Hotel Margitsziget.
Let me know what your own plans are, prefer-
ably before June 7 when I leave Washington.

Sincerely yours,

Bela Balassa

Mr. J. Marcus Fleming

May 19, 1970

Bela Balassa

Comments on Madrid Papers

I enclose some comments on papers by Arthur Laffer and Bob Mundell which might be of interest to you, and needless to say, I would appreciate receiving any comments you might have.

BBalassa:alj

Mr. Alexandre Kafka

May 19, 1970

Bela Balassa

Comments on Madrid Papers

I enclose some comments on papers by Arthur Laffer and Bob Mundell which might be of interest to you, and needless to say, I would appreciate receiving any comments you might have.

BBalassa:alj

le 18 mai, 1970

M. Pascal Salin
48 rue d'Assas
Paris 6e
France

Cher Pascal,

Veuillez trouver ci-enclos quelques
commentaires sur les papiers par Laffer et
Mandell. Je serai a Paris du 28 juin au 3
juillet et j'espere de vous voir pendant mon
sejour.

Avec mes amities,

Bela Balassa

le 18 mai, 1970

M. A. Cotta
51 avenue Burgeaud
Paris 16eme
France

Cher Alain,

Merci de m'avoir envoye votre ouvrage sur
"Les choix economiques de la grande entreprise".
Je vous fais parvenir, sous pli separe, une petite
collection des papiers sur "Changing Patterns in
Foreign Trade and Payments".

Je serai a Paris du 28 juin au 3 juillet
au sujet d'une etude sur l'integration economique
en Europe dont la description est enclose. Je vous
ferai signe de mon arrivee et j'espere de pouvoir
vous rencontrer pendant mon sejour.

Avec mes sincerres amities.

Bela Balassa

May 15, 1970

Professor Hollis B. Chenery
Department of Economics
Harvard University
Cambridge, Mass.

Dear Hollis:

I enclose "Industrial Protection in Developing Countries" which I mentioned in my earlier letter. Enclosed are also the proposal I made to Andy Kamarck on outside research, and some comments on the recent Bruno paper which were sent to Bruno as well as to Bob Mundell. These comments might perhaps alter your views on the merits of the controversy.

I look forward to seeing you later this month.

Sincerely yours,

Bela Balassa

May 15, 1970

Professor Sigmund Diamond
Managing Editor
Political Science Quarterly
Columbia University
321-M Fayerweather Hall
New York, N.Y. 10027

Dear Professor Diamond:

In response to your letter of November 8, 1968, I sent you my review of Carl S. Shoup (ed.), Fiscal Harmonization in Common Markets, on January 2, 1969. I have not since heard from you, nor have I seen the review copy in your Quarterly. While I understand that I was two years late with the review, your letter referred to above indicated your intention to include it in the Political Science Quarterly.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 14, 1970

Professor Richard N. Cooper
Department of Economics
Yale University
Economic Growth Center
Box 1987, Yale Station
New Haven, Conn. 06520

Dear Dick:

Welcome to the club! (of those working on tariff structure). My volume on The Structure of Protection in Developing Countries will be finished by mid-June and I could send you a copy then. Should you need it earlier, I could let you have a mixture of first and final drafts.

Best regards,

Sincerely yours,

Bela Balassa

Mayo 14, 1970

Sr. Dn. Hipolito Escolar
Editorial Gredos S.A.
Sanchez Pacheco 83
Apartado 2076
Madrid 2
Espana

Distinguido senor Escolar,

Tengo el gusto de referirme a su atenta carta de fecha 17 del pasado mes, en la que me comunica el interes en incluir en la obra "Lecturas sobre Historia de las Doctrinas Economicas" mi articulo titulado "J.S. Mill and the Law of Markets" publicado en Quarterly Journal of Economics, y para cuya publicacion ya han obtenido la autorizacion de dicha revista condicionada a que yo la conceda tambien.

Al respecto debo informarle, que de acuerdo con mi practica de cobrar derechos por todas las autorizaciones que concedo para la publicacion de mis trabajos, no tendria inconveniente en otorgar a su empresa editorial, por el pago de la cantidad de cincuenta dolares, la autorizacion solicitada.

Quedo de usted muy atentamente,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

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WBG ARCHIVES

Personal & Confidential

May 14, 1970

Dr. Zvi Sussman
Director, Research Department
Bank of Israel
Jerusalem
Israel

Dear Dr. Sussman,

Your contract will be sent out in a few days. While I have been able to obtain for you the fee we had agreed upon, I have been less successful with the division of the fee between payment in Israeli and in foreign currency. The first payment will be made in Israeli pounds; subsequently, as the contract indicates, you will have to inform us of your need for U.S. dollars or British pounds to be spent abroad. I am told that apart from special cases the Bank allows for payment in a foreign currency not exceeding one third of the total fee.

Needless to say, you have the right to object to this arrangement, especially since the draft contract provided otherwise. At any rate, it would be useful if in returning the signed copy of the contract you write a letter indicating your intention of carrying out part of the work abroad and the need for U.S. dollars or British pounds for this purpose.

With best regards,

Sincerely yours,

Bela Balassa

May 14, 1970

EFTA Information Office
Suite 714
711 - 14th Street N.W.
Washington D.C. 20005

Dear Sirs:

Please send me one copy of EFTA
Trade 1968.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May ¹⁴~~30~~, 1970

Mr. John Gallman
The Johns Hopkins Press
1703 New Hampshire Avenue N.W.
Washington D.C. 20009

Dear John:

Please would you send me paperback
copies of the following books:

Ascheim, Techniques of Monetary Control

Adelman-Thorbecke, Theory and Design of
Economic Development

Sincerely yours,

Bela Balassa

May 12, 1970

Professor B. S. Yamey
Editor, *Economica*
London School of Economics
Houghton Street
Aldwych
London W.C.2.
England

Dear Professor Yamey,

In your letter of November 26, 1969 you informed me of having accepted my Reply to a Comment by Leith and Reuber on "The Impact of the Industrial Countries' Tariff Structure on Their Imports of Manufactures from Less Developed Areas". In the same letter you asked me to make a few revisions before publication.

After some delay, on March 10, 1970 I sent you the revised version of the Reply. This was acknowledged on March 18 but I have not yet received further communication. I wonder if I may ask you to let me know when you plan to publish this Note.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 12, 1970

Journal of Political Economy
SS 401 E
1126 E. 59th Street
Chicago, Ill.

Dear Sirs:

Mr. Balassa wishes to order altogether 150 reprints, all with covers, while Messrs. Guisinger and Schydrowsky wish to have 75 with and 75 without covers. Please ship and bill the first batch to Mr. Balassa at the World Bank, 1818 H Street, N.W., Washington D.C. 20433; ship and bill the second batch to Mr. Schydrowsky at Harvard University, Development Advisory Service, 1737 Cambridge Street, Cambridge, Mass. 02138.

Please note that these numbers include the 50 free copies made available to the authors. In calculating the charges, these should be divided equally among the three.

Sincerely yours,

Secretary to
Bela Balassa

May 11, 1970

Professor Edwin M. Truman
Yale University
Department of Economics
Box 1905-A Yale Station
Sheffield-Sterling-Strathcona Hall
New Haven, Conn. 06520

Dear Ted:

I will be arriving with Max Kreinin and Erik Thorbecke around 5.30 p.m. on Friday next. Should there be any appreciable delay with our 'planes I will let you know. I will bring with me information on hotels as well as on the per diem.

Sincerely yours,

Bela Balassa

May 11, 1970

Monsieur J. Dumontier
Le Directeur de la Statistique Generale
Institut National de la Statistique
et des Etudes Economiques
29 quai Branly
Paris 7^e
France

Monsieur,

Je vous remercie de votre lettre
et de l'information que vous avez bien
vouloir m'envoyer.

Veillez agreer, Monsieur, l'ex-
pression de mes sentiments distingues.

Bela Balassa
Professor of Political Economy

May 11, 1970

Professor Alfred K. Ho
Western Michigan University
Department of Economics
Kalamazoo, Mich. 49001

Dear Professor Ho:

I would very much like to accept your invitation to lecture at your university. I am afraid, however, that Wednesdays and Thursdays are the days of my lectures, seminars and faculty meetings at Hopkins and I would not be able to get away. Should you be able to reschedule the lecture for a Monday or a Friday, I would be happy to come.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 11, 1970

Professor Herbert Giersch
Institut für Weltwirtschaft
an der Universität Kiel
23 Kiel
Dusternbrooker Weg 120/22
West Germany

Dear Herbert,

Many thanks for your letter of May 5. I
appreciate your thoughtfulness in sending your
driver to pick me up at the Hamburg airport.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa

May 11, 1970

Mr. F. Boyer de la Giroday
Le Directeur des Affaires Monetaires
Communaute Economique Europeenne
23-27 avenue de la Joyeuse Entree
Bruxelles 4
Belgium

Dear Mr. Boyer de la Giroday,

I appreciate your letting me have a copy of the paper you also sent to Professor Haberler. I would also like to have copies of the papers on monetary integration when they become available.

As I indicated to you at our meeting in Madrid, I am directing a research project on European integration which will take me to Brussels in early July. I very much hope to have the occasion to see you on my visit. I plan to be in Brussels between July 6 and 8 and I would appreciate it if you would let me know whether you will be there at that time.

I enclose a general description of my research project together with a description of the study which is likely to have the greatest interest for you. Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa
Professor of Political Economy



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970		Barcode No. 1081684		
Document Date May 11, 1970	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Dr. C. D. Kernig				
Subject / Title Account information				
Exception(s) Financial Information iv				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

May 11, 1970

Mr. Carl McMillan
Carleton University
Department of Economics
Ottawa 1, Ontario
Canada

Dear Carl:

It was good to see you and to hear of the progress you have made. I look forward to receiving further chapters.

I return the paper by Mr. Willmore with a few marginal corrections. I do believe that in a revised form this paper would be publishable in a journal like Economic Development and Cultural Change. For purposes of publication it would be necessary, however, to make the exposition tighter, to reduce the length of the paper and to eliminate the Appendix tables.

I enclose a copy of a paper by Mr. Wilford, to appear in the Western Economic Journal, which has used another method of measuring trade creation I had employed in an article in the Economic Journal. Let me add that I find Willmore's paper more interesting. I would be glad to see a revised version and would like to get back the Wilford paper.

Sincerely yours,

Bela Balassa
Professor of Political Economy

1970 majus 11

Professor Ivan Boldizsar
The New Hungarian Quarterly
17 Rakoczi ut.
Budapest VIII
Hungary

Kedves Szerkeszto Ur :

Elnezeset kerem hogy ilyen hosszú idő után válaszolok de meg akartam varni amig programom veglegesen kialakul.

Orommel elfogadom a New Hungarian Quarterly-ban ^{egy} ~~való~~ cikk megírasára való felkéréset. Amint közös barátunk, Kemenes Egon, közölte Onnel, a téma különösen érdekel és ezzel kapcsolatos kutatásom továbbfolytatását jelentene. Itt mellekelem az Economica c. közgazdasági folyóiratban megjelent tanulmányom különlenyomatát. Két év előtt Bogнар professzor meghívására néhány hetet Pesten töltöttem és ott gyűjtöttem a tanulmányhoz anyagot.

Ezevben június 10-en jövők tíznapos tartózkodásra Pestre. Nagyon örülnek ha ezalkalommal Szerkeszto urral találkozni tudnek és arra is kernem hogy vállalatvezetőkkel való találkozásra segítséget nyújtson. Ezek a találkozások lehetővé tennék számomra hogy a vállalatoknak az új gazdasági mechanizmusban való szerepére vonatkozóan anyagot gyűjtsek. Errol a szándekomról Kemenes Egonnak is írtam és Bogнар professzor munkatársát, Hosszu Gezanet kertem meg arra hogy Pesten való tartózkodásom alkalmával programomat koordinálja.

Szívesseget előre is köszönöm

sok udvozlettel

1970 majus 11

Professor Joseph Begnar
Magyar Tudományos Akadémia
Afro-Azsiai Kutató Központ
Budapest XII
Kallo Esperes u.15
Hungary

Kedves Baratom :

Sajnálattal hallottam Kemenes Egontól hogy a tavaly szeptemberben küldött Adelman-fele könyv nem érkezett meg. Nem tudom mi történhetett vele mert általában jól működik a posta. Természetesen szívesen elküldök bármilyen könyvet amire szükségem lenne de legközelebb majd ajánlva postázom.

A napokban meg fogja kapni az Economica-ban megjelent, a magyar gazdasági reformról szóló tanulmányom különlenyomatát. Meg-egyszer köszönöm két év előtti meghívását ami cikk megírást lehetővé tett. Különben a tanulmányt egy Acs Mihályne nevére holgy lefordította és a fordítás egy példányát nekem elküldte. Jónéhány hiba van benne, ami sajnálatos mert egyes mondatoknak nem nagyon van értelme. Nem tudom viszont hogy kinek készült a fordítás.

Június 10-en érkezem Pestre tíznapos tartózkodásra és remélem hogy lesz alkalmam Önnel találkoznom. Boldizsar Ivan felkért arra hogy a New Hungarian Quarterly számára a vállalatoknak az új gazdasági mechanizmusban való szerepéről cikket írjak. Ez a téma különben is érdekel és pesti tartózkodásomat arra szeretném felhasználni hogy vállalati vezetőkkel erről beszélgessek. Nagyon megköszönöm ha ebben segítségemre tudna lenni. Erről különben Hosszúnenak is írtam akit megkértem arra hogy ottlétem alatt a programomat koordinálja.

A közeli viszontlátásig

sok udvozzal

1970 majus 11

Mrs. Erzsebet Hosszu
Magyar Tudományos Akadémia
Afro-Azsiai Kutató Központ
Budapest XII
Kallo Esperes u.15
Hungary

Kedves Erzsebet :

Mindenekelőtt köszönöm április 8-i levelet. Kedves Magától hogy gondolt rám; a küldött tanulmányokat is rendszeresen megkapom. Sajnálom viszont hogy Begnar professzor nem kapta meg az Adelman könyvet amit meg tavaly szeptemberben Kemenes Egon keresére küldtem el. Vajon kinek tetszhetett meg? Vagy talán valakinek nem tetszett?

Nyarra tervezett magyarországi utazásom rövidebb lesz mint eredetileg gondoltam volna mert igyekszem hamar visszatérni Washingtonba. Nejem gyereket vár és bár csak októberre várható a nagy esemény az orvos nem engedi utazni. Pedig nagyon élvezte a két év előtti pesti utat és szeretett volna velem jönni.

Június 10-en érkezem tíznapos tartózkodásra és ezalatt az idő alatt sokmindent akarok csinálni. Amint az ittmellekelt a Boldissar Ivannak szóló level masolatából láthatja, a NHQ számára a vállalatnak az új mechanizmusban való szerepéről cikket írok. Ezzel a témával különben is akartam foglalkozni, így jól jön a felkeres. A levelből azt is láthatja hogy a Maga segítséget szeretném kérni arra hogy a programomat koordinalja.

Kedves Erzsebet, mindenekelőtt arra szeretném kérni hogy próbáljon nekem Deák Andreával és Nagy Tamasal lehetőség szerint már június 11-re randevút elintéztetni. Mindketten a Közgazdaságtudományi Intézetben vannak. Deák Andrea Kornai Jánosnak jó barátja és ő ajánlotta hogy keressem fel. Kornai júniusig Yale-ben lesz.

Ne haragudjon hogy ilyen kérésekkel terhelem de tavalyelőtt olyan kedvesen és sikeresen segített és nagyon megköszönöm ha idén is segítségemre tudna lenni.

Felesegemmel együtt sokszor udvozlom *ölejk*

barati szeretettel



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

1970 majus 10.

Kedves Gazsi:

Ugy latszik nekem is éppen egy hónapig tartott amíg hozzájutottam a levelirashoz. Az enyem viszont rovidebb lesz mint a Tied de hamarosan majd személyesen találkozhatunk.

Boldizsar Ivantól nem régen kaptam levelet amelyben az Altalad már említett cikk irasara ker fel. Amint a valaszom idecsatolt masolatabol lathatod, örömmel elfogadom a meghivast, Remelem viszont hogy csereben segit seget kapok arra hogy magyar vallalatvezetokkal, fomernekokkal es fokonyvelokkal összejojjenek. Tudom hogy egyszerubb az ilyesmit lebonyolítani ha valami hivatalos tamogatas van. Mindenekelott a Te segitsegedet kerem ebben. Boldizsar es Bog-nar aldasaval es Hosszune adminisztracios segitsegevel remelem hogy ez nem okozna Neked különösebb faradtsagot. Arra gondoltam hogy nehany gyarlatogatast kellene megszervezni megaztan egy-ket miniszteri-umi ferfiuval is szeretnek beszelní.

Azert irok errol elore mert az eredetileg tervezettnel rovidebb ideig maradok. Nejem allapotos es az orvos nem engedi utazni ugyhogy probállok hamar visszaerni. Tekintve hogy masfele is megyek Europeaban, ez azt jelenti hogy Magyarorszagra csak tiz nap marad. Junius 10-en este erkezem es így ottletem elso negy napjaban meg ott leszel (Parizsba kulonben csak Pest utan megyek es így ott nem találkozhatunk). Az a tervem hogy csutoktokon (jun 11) delelott bejovok az Intezetbe es ha Neked megfelel akkor együtt ebedelhetnenk. Meg annit hogy ma irok Hosszunenak es megkerem hogy Deak Andreaval, Wilcsekkal, es Nagy Tamassal valo talalkozasomat rendezze el. Kornai szerint Deak Andrea különösen segitsegemre tudna lenni a vallalatok új mechanizmus beli szerepere vonatkozó kutatomunkamban.

Koszonom a francianyelvo konyvet es a NHQ-ben megjelent ujabb cikket. Meg eddig nem jutottam hozza hogy elolvassam oket. Idokozben valoszinuleg az Economica-ban megjelent cikkem különle-nyomatat is megkaptad. Ha meg nem akkor a napokban meg fog erkezni.

Latom hogy sokat utazol. Jo dolog ez de raersz-e emellet orasra es olvasasra? Engem az egyetem tart vissza evkozben de azert marciusban egt Madrid-i konferenciara es egy latinamerikai utra el-mentem.

A fordito Acs Mihalyne, nem pedig amint elozi levelemben tevesen itam Acs Lajone, volt. Idokozben elkuldt nekem a forditast. Jonehany kozgazdasagi szakkifejezest melleforditott es egypar mon-datnak se fule se farke. Nem tudom ki lektoralt, nekem csak azt irta gofy már nem tud benne javítani mert nem tudja "nyomon követni" a forditas utjat. Jonehany embernek elkuldtam ugyhogy fogalmam since ki rendelte a forditast.

Megannyit hogy megint a Szigeten szallok meg. Mivel ko-csit berelek, a tavolsag nem szamit es az amerikai stilusu szalloda-

kat nem különösen kedvelem. Masoktól is hallottam ugyan hogy az Intercontinental jó hely.

Kedves Gazi, örülök hogy hamarosan találkozhatunk és a közös közgazdaságtudományi érdeklődésünk mellett más dolgokról is elbeszélgethetünk.

Baráti udvozlettel

A handwritten signature, possibly 'Gazi', written in dark ink. It consists of a large, stylized loop followed by a few smaller strokes.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3 6360 • Cable Address - INTBAFRAD

1970 majus 10

Kedves András:

Eppen levelírasra készültem amikor április 26-i leveled be-
futott. Azzal kezdem hogy Carol sajnos nem tud velem jönni Európába.
Orvosi rendeletre le kell mondania a hosszútávú utazásról. Így én
próbálok majd hamar visszaérni és pesti utazásomat le kell hogy ro-
vidítsem. Júnus 10-en este fogok megérkezni és 20-ig maradok. Így
az ötletem második felére Te már visszaérsz Genfből.


Időközben Boldizsar Ivan felkért arra hogy a vállalatoknak
az új mechanizmusban való szerepéről a New Hungarian Quarterly
számára cikket írjak. Ez jól jön hiszen úgyis ezzel a témával akartam
foglalkozni. Valászmiban Boldizsar segítségét kértém hogy vállalati
vezetőkkel összehozzon. Hosszúnak is írtam az Afro-Azsiák Intezet-
ben, megkérve őt hogy a "schedule"-omat koordinálja. Kőnai azt ajánlja
hogy Deák Andreával beszéljek, Hosszúnak kértém hogy vele is vegye
fel a kapcsolatot. Teged arra kérlek hogy egy vagy két külkeres-
kedelmi vállalat vezetőivel való találkozásban segíts és ha van ipari
vállalatokkal valami személyes nexusod az is jól jönne. Exportáló
vállalatok különösen érdekelnek de bármilyen nagyvállalat megfelelne.
Ha valamit el tudnál intézni, kérlek hogy Hosszúnak értesítsd 459-971
telefonszámon.

Hogy a hivatalosról a magánügyekre térjek, előre örülök annak
hogy Teged is és Ágít is viszontlátom. Amikor visszaérsz Pestre, a
Margitsziget-i szállóban felhívhatok vagy pedig Hosszúnak útján küld-
hetsz nekem üzenetet. Megannyit hogy szívesen beszereznem ha valamire
Amerikából szűkegetekre volna. Nem sok csomaggal utazom, így könnyen
be tudok valamit tenni. Frankfurt-on át érkezem, az ottani repülőtér-
en is vásárolhatnak bármit amit Genfben esetleg nem találsz meg.

Az Economica-ban meglenent tanulmányon különlenyomatát a
napokban fogod megkapni. A fordító, Ács Mihályné, különben a fordítás
egy példányát meg februárban elküldte. Jónéhány hiba van benne, egyes
mondatok értelme el van fordítva. Nem tudom hogy kinek csinálta a
fordítást de azt írta hogy nem tudja "nyomon követni".

Ezzel be is fejezem hiszen nem sokára személyesen is beszél-
gethetünk. Carrollal együtt Mindkettőtököt ölel

baráti szeretettel



Balassa, B., Guisinger, S. E., and Schydrowsky, D.M.

The Effective Rates of Protection and the Question of Labor Protection in
the United States: A Comment

The authors take issue with the views expressed in a paper by Travis (Journal of Political Economy, May/June 1969) concerning the usefulness and applicability of the concept of effective protection. While according to Travis the application of effective rates raises the problem of sectoral classification, the authors show that this problem also exists in regard to nominal rates since for purposes of economic analysis the information on protection needs to be systematized. As regards Travis's assertion that we can classify products as if they "were produced in a single enterprise from the ground up", the authors note that such a scheme of classification is inapplicable to the case of noncompetitive imports; moreover, in assuming complete vertical integration, one disregards the fact that in the presence of trade in intermediate products comparative advantage should be evaluated at particular stages of fabrication.

It is further shown that while in the event of substitution between primary factors and intermediate inputs, or among the intermediate inputs themselves, the measurement of the effective rate of protection is subject to bias, available information on substitution elasticities suggests that the magnitude of this bias may not be large. There is, however, a further source of bias due to differences in substitution elasticities between pairs of primary factors and intermediate inputs which too should be amenable to empirical measurement.

The authors add that from the point-of-view of the analytical usefulness of the concept of effective protection, it is immaterial whether value added has a natural unit. At the same time, apart from measuring the effects of tariffs on imports, the effective protection measure has usefulness in

indicating the differential inducements the system of protection provides for particular activities, in evaluating development plans, and in appraising the extent of discrimination in developed countries against the imports of processed goods from less developed areas.

Bela Balassa, Johns Hopkins University, Baltimore, Maryland, USA

Stephen E. Guisinger and Daniel M. Schydlosky, Harvard University,
Cambridge, Massachusetts, USA

MC/MB

le 8 mai, 1970

Le Chef de Service
Charge du Secretariat General
Office National D'Immigration
14 rue Bargue
Paris
France

~~Dear~~
Monsieur,

Je vous remercie de votre lettre
et de l'information que vous avez bien
vouloir m'envoyer.

Veillez agreer, Monsieur, l'ex-
pression de mes sentiments distingues.

Bela Balassa
Professor of Political Economy

May 8, 1970

Mr. B. Herman
Nederlandsch Economisch Instituut
Balanced International Growth
Burg. Oudlaan 50
Rotterdam 3016
Holland

Dear Mr. Herman,

I thank you for your letter of April 17
and the enclosed paper. I look forward to
reading it.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Home Address

2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

May 7, 1970

Mr. E. Nathan
Illums Bolighus As
Amagertorv
1160 Copenhagen K
Denmark

Dear Mr. Nathan,

I would like to inform you that the teak magazine holder you sent has arrived in a damaged condition. The packing itself was torn open but I have not yet removed the holder. The post office suggested that I contact you to find out what should be done next.

I look forward to hearing from you.

Sincerely yours,

Bela Balassa

Chairman, Publications Committee

May 7, 1970

Andrew M. Kamarek

"Structure of Protection in Developing Countries"

In my memorandum of July 21, 1967 I informed the Publications Committee of the work under way on the above research project sponsored jointly by the IBRD and the IDB and directed by Mr. Bela Balassa in his capacity as Consultant to the Economics Department of the Bank. On December 30, 1969 I reported on the completion of the project and on February 2, 1970 the members of the Publications Committee received the volume prepared by Mr. Balassa and his collaborators.

Subsequently, in my memorandum of March 24, I indicated that the volume has been reviewed by a Study Group within the Bank and an outside expert, Professor Tibor Scitovsky, and recommendation has been made for its publication. As enclosures to that memo I sent you Mr. Scitovsky's report as well as a short resume on the deliberations of the Study Group.

In line with my memorandum of March 24, I wish now to raise the matter of joint publication of the volume with the IDB. The IDB has been the co-sponsor of the project and has contributed to its financing. It has also been helpful in offering suggestions during the period the research was carried out. It would seem appropriate, therefore, to involve the IDB in the publication of the volume in book form. May I suggest that we discuss this matter at a meeting of the Publications Committee some time in mid-May. I understand that Mr. Lind's office will make an estimate of approximate publication costs by the time of the meeting.

c.c. Messrs. Stevenson
Balassa
Lowther

Special Delivery

May 7, 1970

Miss Teresa Jeanneret
M34 Sage Hall
Cornell University
Ithaca, N.Y. 14850

Dear Teresa:

I enclose a copy of your chapter with comments made by Professor Scitovsky. Please take account of these remarks in revising your chapter. I look forward to getting the revision early next week.

Sincerely yours,

Bela Balassa

Special Delivery

May 6, 1970

Mr. Gerardo Bueno
Nacional Financiera
V. Carranza 25
Mexico 1, D.F.
Mexico

Dear Gerardo:

Thank you for the revised version of the Mexican chapter. The changes you have made are fine and, with some editing, they have been transcribed on to the final copy.

Apparently by some oversight you have not sent us the footnotes. Please do this by return mail since the lack of footnotes delays the final typing and this has to take place by the middle of May. Also, while in the first part of the chapter you quote revised figures for the Mexican national income accounts, you have not sent a set of revised tables. Please do this at the earliest opportunity. As I believe I mentioned to you on my visit to Mexico City, in Tables 8.1 to 8.4 data for the year 1965 should be replaced by figures for 1967. This has been done in all other chapters and it is necessary to make the tables up-to-date.

May I repeat my request that I receive the footnotes as well as the tables by May 15. Please call me if you have any questions.

Sincerely yours,

Bela Balassa

May 5, 1970

Mrs. Ruth L. Sivard
Room 4666
US Arms Control & Disarmament Agency
New State Department Building
320 21st Street N.W.
Washington D.C. 20451

Dear Mrs. Sivard:

I understand that a 66-sector reconstruction of the 1969 Soviet input-output table has been prepared for your Agency.

I am interested in the results of this in connection with a research project which I am supervising. Could you please indicate how soon the study will be released?

Sincerely yours,

Bela Balassa
Professor of Political Economy

S 068.1 NW/Ma

May 5, 1970

Eidgenössische Fremdenpolizei
3000 Bern
Switzerland

Dear Sirs,

I thank you for your letter
of April 3 and the information con-
tained therein.

With best regards,

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 5, 1970

Professor Preben Munthe
Oslo University
P.O.B. 1095
Blindern
Oslo 3
Norway

Dear Professor Munthe,

I enclose a copy of my Oxford Economic Papers
article as well as ~~two~~ copies of the revised version
of the chapter on Norway. Please let me know if there
are any further corrections you would like to have made.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 5, 1970

Dr. Odd Aukrust
Director of Research
Statistisk Sentralbyra
Drommingens Gate 16
Oslo
Norway

Dear Dr. Aukrust,

I thank you for the reprints of my paper that appeared in the series of the Central Bureau of Statistics of Norway, and I enclose a reprint of the article as it appeared in the Oxford Economic Papers.

Henry Wallich tells me that you gave a paper on protection in Norway at the General Conference of the International Association for Research in Income and Wealth. I would appreciate receiving a copy.

I also enclose a copy of the final version of the chapter on Norway in my volume "The Structure of Protection in Developing Countries."

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 5, 1970

Professor Henry C. Wallich
Yale University
Department of Economics
37 Hillhouse Avenue
Box 1972 Yale Station
New Haven, Conn. 06520

Dear Henry:

Many thanks for your note of April 15.

I do hope that I will have a chance to see you in Washington, or rather both Carol and I would like to have the opportunity to invite you for dinner. The term having ended, I am now at the Bank on a full-time basis and will be away only from June 7 to July 7. Why don't you give us a call beforehand?

Best regards,

Sincerely yours,

Bela Balassa

May 5, 1970

Professor George H. Borts
Department of Economics
Brown University
Providence
Rhode Island 02912

Dear Professor Borts:

I enclose a copy of my comments on the paper you wrote jointly with Mr. K. J. Kopecky. Should you have any objections to what I say, or suggestions for improvement, I would appreciate receiving them.

In your letter of March 23 you noted that you were editing my Rejoinder to Ruffin. I look forward to seeing the edited version at the galley-proof stage or earlier.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 5, 1970

Professor Allen R. Dobell
Department of Political Economy
University of Toronto
150 St. George Street
Toronto 5, Ontario
Canada

Dear Professor Dobell:

I enclose a copy of my comments on the paper you wrote jointly with Mr. T. A. Wilson. Should you have any objections to what I say, or suggestions for improvement, I would appreciate receiving them.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 4, 1970

Mr. Donald J. Hayden
Auchincloss, Parker & Redpath
Two Broadway
New York, N.Y. 10004

Dear Mr. Hayden:

The statements of my account for the month of April still show only 50 shares of Hycell although I should have received several months ago a stock distribution of 50 shares. I would appreciate it if you would make the appropriate rectification urgently.

Sincerely yours,

Bela Balassa

cc. Mr. Otto Liebling

May 4, 1970

Mr. Javier Irastorza
Presidencia del Gobierno
Comisaria del Plan de Desarrollo Economico
Secretario General
Castellana, 3
Madrid
Spain

Dear Mr. Irastorza,

Many thanks for your letter of April 16. I will talk to Erik Thorbecke in a week or so and will then find out if we could coordinate our plans for a visit to Spain.

As regards your request for an article to be published in your new review, I wonder if you might be interested to have a recent paper of mine published in Spanish translation. This paper deals with development policies in semi-industrial countries and it should be of interest for Spain. It appeared in the February issue of The Quarterly Journal of Economics. I enclose a copy. I would be happy to write sections on economies of scale and external economies for your encyclopedia but might not be able to do this before the fall. I wonder if this would be convenient.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 4, 1970

Mr. Rolf H. Dumke
44 Muenster i.W.
Goerresstr. 26
West Germany

Dear Mr. Dumke,

The latest study on the trade creating and trade diverting effects on the Common Market is my paper in the Economic Journal, "Trade Creation and Trade Diversion in the European Common Market" (March 1967). The paper also contains a short bibliography of earlier efforts.

As regards EFTA, quantitative analysis has been done by the EFTA Secretariat and it is available in book form.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

May 4, 1970

Mr. Caleb Smith
Laird, Bissell & Meeds Inc.
Du Pont Building
Wilmington
Delaware 19899

Dear Caleb:

In my letter of March 25 I asked that stock certificates for my 500 shares of Rollins International be sent to me. I have not received them and would appreciate your early attention to this matter.

Sincerely yours,

Bela Balassa

Mr. H. James Dyck (through Mr. A. Stevenson)

May 4, 1970

Bela Balassa

Daniel Schydlofsky

Mr. Schydlofsky has been of great help to me in our discussions on the "Development Strategies in Semi-Industrial Countries" project in Colombia and Argentina. Despite his young age, he has shown considerable maturity and this fact, together with his excellent grasp of theoretical and policy problems, has made him a useful partner in the negotiations on the inclusion of the two countries in the project. Mr. Schydlofsky went a few days ahead of me to Colombia, while in Argentina he stayed a few days longer; in both instances he handled himself extremely well.

I would like to add that Mr. Schydlofsky participated in discussions on the methodology of the project on May 1 and 2 and again gave a most impressive performance.

BBalassa:alj

May 4, 1970

Mr. Thomas R. Settle
Director of Admissions
Wharton Graduate Division
University of Pennsylvania
Philadelphia, Pa. 19104

Dear Mr. Settle:

This is a follow-up to my earlier recommendation for Mr. Kenneth A. Borig.

I have been informed that during his service with the navy, Mr. Borig has had the opportunity to learn about European business operations and has had continuous contact with European businessmen and with American businessmen located in Europe. I believe that this practical experience will greatly help Mr. Borig in his studies. I wish to re-state my earlier recommendation for his admission to the Wharton School.

Sincerely yours,

Bela Balassa
Professor of Political Economy

May 4, 1970

Mr. Kenneth A. Borig
CSS 16
USS HOLLAND AS-32
FPO New York, N.Y.
09501

Dear Mr. Borig:

Thank you for your letter of April 24. I have written to Mr. Settle as you requested. I hope that you will be admitted to the University of Pennsylvania which, indeed, is a better choice than the Evening Division of Johns Hopkins.

Sincerely yours,

Bela Balassa
Professor of Political Economy

KM/FJ

May 4, 1970

Kultura Konyv es Hirlap
Kulkereskedelmi Vallalat
Periodical Exp. Dept.
Budapest 62
P.O.B. 1149
Hungary

Dear Madam,

Thank you for your letter of April 16 concerning my subscription to the two economic journals.

As I indicated in my earlier letter I need the periodicals in question urgently. Should you not be able to mail the 1968 and 1969 issues by the end of the month, I wish to ask you to cancel the order and refund the amount due to me. In any case, though, I wish to receive the 1970 issues.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

May 4, 1970

Wm. Dawson & Sons Ltd.
Back Issues Dept.
Canon House
Folkestone
Kent
England

Dear Sirs,

Please will you send me one copy of the
December 1964 issue of The Economic Journal.
My cheque for \$2.40 is enclosed.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

May 1, 1970

Professor Herbert Giersch
Institut für Weltwirtschaft
an der Universität Kiel
23 Kiel
Dusternbrooker Weg 120/22
W. Germany

Dear Herbert,

On March 24 I wrote to you indicating that I will be able to come to the meetings on "Changing Structures in the World Economy" in Kiel. I have not received a confirmation yet from your office but I presume that the dates will be June 8 and 9 as planned. I would appreciate your letting me know if there is any change since I would like to make my travel plans final.

I now plan to arrive in Hamburg on Lufthansa 409 at 6.10 a.m. on Monday, June 8 and would rent a car at the airport to drive to Kiel. I plan to leave Hamburg for Frankfurt on Lufthansa 701 on Wednesday at 11.10 a.m. I presume that hotel reservations will be made for the participants in the conference in Kiel for Monday and Tuesday nights.

Sincerely yours,

Bela Balassa

May 1, 1970

Dr. W. M. Corden
Nuffield College
Oxford OX 1 1NF
England

Dear Max,

This is in answer to your letters of April 20 and 21. My book is in final revision and I will be able to send you a copy of the manuscript in the course of June. The revisions in the first chapters are very extensive and I prefer not to send out the earlier version. I will, however, send the manuscript airmail as soon as I can.

Concerning the treatment of depreciation, I enclose pages 1 to 3 from the earlier version of the methodological chapter. As indicated there, the net concept has been employed in the case of Chile, Malaysia, Mexico, Norway and the Philippines. Owing to lack of data on depreciation, this has not been possible for Brazil and Pakistan. These remarks pertain to calculations made from domestic input-output coefficients while the results based on free trade coefficients all used the net concept.

Sincerely yours,

Bela Balassa

May 1, 1970

Mr. Dag Ehrenpreis
AB Raben & Sjogren Bokforlag
Kontor Tegnergatan 28
Box 45 022
104 30 Stockholm 45
Sweden

Dear Mr. Ehrenpreis,

With Mr. Balassa's letter of April 24
I enclosed the wrong reprint. I now enclose
the right one - "Success Criteria for Economic
Systems", Yale Economic Essays.

Sincerely yours,

Secretary to
Bela Balassa

Mr. Bela Balassa

April 28, 1970

Alexander Stevenson

Terms of Reference

You are requested to attend the Conference on International Comparisons of Prices and Real Income to be held at York University, Toronto, on May 22-23, 1970 as a discussant on "Uses of International Price and Output Data".

c.c. Mrs. Armstrong

BBalassa:alj

April 28, 1970

Professor John H. Power
P.O.Box 173
Quezon City
Philippines

Dear John:

I have now completed what is hopefully the final editing of the Philippine and the Malaysian chapters. There are a few points that came up in the editing on which I would like to have your views.

To begin with, while in your last revision you noted that the share of manufacturing in the Philippines ~~would have declined~~ after the mid-sixties, I have found no confirmation of this in the figures. The national income data show a continuation of the increase in the share of manufacturing between 1965 and 1967 although at a reduced rate. I wonder if any further changes might have taken place in 1968 that would warrant your statement. has

In this connection let me add that whenever possible I have replaced data for 1965 with 1967 figures. I wonder if you could supply 1967 data also for tables 11.1, 11.2 and 11.3 in the Philippine chapter and for table 9.1 in the Malaysian study. The up-dating of these tables would be desirable so as to make the book more useful to the reader.

The inclusion of data for 1967 reveals that there has indeed been a change in the export structure of the Philippines. These changes are especially marked if we exclude from the group of principal exports plywood and veneer which were not exported at the beginning of the period. It is of further interest that manufactured goods, especially plywood, veneer and clothing, increased at a rapid rate between 1960 and 1965 and especially between 1965 and 1967. Can you let me know what kind of clothing is being exported? Incidentally, to conform to the classification scheme used in table 9.3, in the conclusions I have used the narrower definition of manufactured goods (SITC 5 + 6 + 7 + 8 less unwrought metals). exports

As regards Malaysia, representatives of the East Asian Department raised strong objections to the inclusion of the thesis advanced by Emile Despres. They feel that Despres has not proved his point and, at any rate, the discussion of financial austerity on pages 5 and 20 are extra-

neous to the study. I have accordingly deleted the relevant parts, hoping that you will agree. I have also changed slightly the policy recommendations in the light of the comments received from the East Asia Department. Furthermore, I have replaced "Western" Malaysia with "West" Malaysia as the latter appears to be the official designation. One last question: I wonder what "machinery units" means on page 14?

The chapters are being mimeographed and I will send you several copies shortly.

Sincerely yours,

Bela Balassa

P.S.

I enclose a copy of my letter to Lewis and Guisinger which in part deals with the questions raised in your letter.



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - April through August 1970		Barcode No. 1081684		
Document Date April 28, 1970	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Dr. Zvi Sussman, Director Research Department, Bank of Israel				
Subject / Title Consulting fee				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

April 28, 1970

Mr. Stephen R. Lewis, Jr.
Williams College
Department of Economics
Williamstown, Mass. 01267

Mr. Stephen E. Guisinger
Development Advisory Service
Harvard University
326 Littauer Center
Cambridge, Mass. 02138

Dear Steves:

Thank you for the corrections made in the Pakistani chapter. I have taken account of these in the final editing. I still have, however, a few questions on which I would like to have your early answer.

In view of the comments made by John Power and Steve Guisinger I have added a paragraph after the first full paragraph on page 24. Furthermore, I have revised the discussion on page 36 concerning John Power's views on import substitution. I enclose copies of these pages and would like to have your reactions. I am also sending the pages with a copy of this letter to Power to have his views on the revision.

In conformity with Power's request, I have deleted a reference to him on page 18. Also, on Power's suggestion, I have replaced the first sentence in the middle of page 30 with the following: "The official exchange rate (4.76 rupees per \$ US) in Pakistan is supplemented by import and export duties, import quotas, and the Export Bonus Scheme".

Steve Guisinger entered a disclaimer concerning the statements made on the high correlation between nominal and effective rates of protection on pp. 24 and 29. We have calculated rank correlation coefficients between the two sets of measures and found that he is right as far as implicit protection is concerned. The rank correlation coefficient is .59 for tariff protection and .59 for implicit protection. I have adjusted the text accordingly.

I enclose copies of Table 10.11 which was missing from your sets.

Many thanks again for your contribution. With best regards,

Sincerely yours,

Bela Balassa

cc. John Power

P.S.

Steve Lewis raised questions concerning the averaging used in tables 10.12 and 10.14. As indicated in Chapter 1, nominal rates have been weighted by total supply and effective rates by deflated (world market) value added. The appropriate values have been supplied by Steve Guisinger.

April 28, 1970

Hertz Rent A Car
La Guardia Airport
New York, N.Y.

Dear Sirs:

two days later.
In my American Express account I was charged \$51.01 for invoice 332501 dated March 3, 1970. I rented a car at La Guardia and returned it there ~~on the same day~~. Your representative being absent, I had to leave the keys and the rental agreement with the Avis office. I have not since received a copy of the bill and the \$51.01 charge appears excessive. I would appreciate it if you would send me the bill by return mail.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington D.C. 20008

April 28, 1970

Mr. H. O. Aktan
Linacre College
Oxford
England

Dear Mr. Aktan:

I am afraid that I have no information on the protective rate of tariffs in Turkey. You might, however, wish to consult the article by Professor Anne Krueger that appeared in the October 1966 issue of the Journal of Political Economy, and write to her for data.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

April 28, 1970

Professor Howard Pack
Economic Growth Center
Yale University
New Haven
Connecticut

Dear Howard:

I have been delayed in submitting my expenses account because I did not have the Hertz bill for a rental of a car for travel between La Guardia and New Haven. I have still not received the bill but I do have now the American Express charge, of which I enclose a copy. This, however, appears too high for your purpose and you might wish to credit me with a limousine round trip ticket and taxi fares in New Haven instead.

I also enclose my Eastern Airlines tickets Washington/New York/Washington. Further, I had taxi expenses in Washington amounting altogether to \$7.20.

I enjoyed the discussions at Yale and, judging from the newspaper reports of recent days, I can see it confirmed that Yale students are indeed "issue oriented".

With best regards,

Sincerely yours,

Bela Balassa

April 28, 1970

Professor Marc Termote
Department of Economics
Catholic University of Louvain
Louvain
Belgium

Dear Professor Termote,

Many thanks for your letter of April 15.
I look forward to receiving your paper and have
advised my student to acquire your book on "Mi-
gration and Economic Equilibrium in Space".

I am afraid that the fields of your inte-
rest are not covered at Johns Hopkins. Our De-
partment is rather small and it is not possible
for us to give specialized courses. Nevertheless,
should you plan a trip to Washington or Baltimore
I would be happy to have the occasion to meet you.

Sincerely yours,

Bela Balassa
Professor of Political Economy

April 28, 1970

Professor Max Kreinin
Department of Economics
Michigan State University
East Lansing
Michigan 48823

Dear Max:

Many thanks for your letter of April 15. The times you suggest are fine and I plan to meet you on May 15 at the Avis counter near American Airlines at La Guardia airport between 3.30 and 3.45 p.m. I will be taking an American Airlines 'plane from Washington which is scheduled to arrive at 3.30.

Sincerely yours,

Bela Balassa

Mr. Alexander Stevenson

April 28, 1970

Bela Balassa

Conference on International Comparisons of Prices and Real Income

In my capacity as Consultant to the World Bank, I have been invited to participate in the above Conference at York University, Toronto, and to present a short paper on "Uses of International Price and Output Data". In my contribution I plan to use some of the results derived from the Structure of Protection in Developing Countries project.

I enclose a copy of the program with the request that you indicate your agreement.

EBalassa:alj

OFFICE MEMORANDUM

TO: Mr. Richard Goode

DATE: April 27, 1970

FROM: Bela Balassa

SUBJECT: Tariff Policy in China (Taiwan)

In reference to your discussions with Messrs. Kamarck and Please, I enclose a short description of the Development Strategies in Semi-Industrial Countries research project. This project will examine the system of incentives affecting the volume of investment as well as the allocation of investment among industries, and it will thus concern itself also with the tariff structure. As the enclosed list indicates, the project includes a study on Taiwan to be carried out by Dr. T. H. Lee.

I would be interested to know if you plan to respond positively to the request received from the Taiwanese government for advice on tariffs and would be glad to be of assistance in any such effort.

cc. Messrs. Kamarck
Please

BBalassa:alj

OFFICE MEMORANDUM

TO: Messrs. Kamarck, Stevenson and Please

DATE: April 27, 1970

FROM: Bela Balassa

SUBJECT: Development Strategies in Semi-Industrial Countries Project

Enclosed is the list of participants in the Luncheon on Friday, May 1st (1.00 p.m. in Dining Room D), and the short description of the research project we will discuss.

BBalassa:alj

List of Participants in Luncheon on Friday, May 1st

1.00 p.m., Dining Room D

Andrew M. Kamarck

Alexander Stevenson

Stanley Please

Helen Hughes

Daniel M. Schydrowsky, Harvard University, (Argentina and Colombia)

Malcolm Gilles, Harvard University, (Colombia)

Augustine Tan, University of Singapore, (Singapore)

Bela Balassa

April 24, 1970

Mr. Dag Ehrenpreis
AB Raben & Sjögren Bokförlag
Kontor Tegnergatan 28
Box 45 022
104 30 Stockholm 45
Sweden

Dear Mr. Ehrenpreis,

As I indicated in my letter of April 17, the terms you suggest for the reprinting of my paper "Whither French Planning" are acceptable to me. As regards "Success Criteria for Economic Systems", I suggest that you include my paper with this title from the Yale Economic Essays rather than chapter 1 from my book The Hungarian Experience in Economic Planning. The Yale Economic Essay provides a fuller treatment of the question than the chapter from my book but it is nevertheless not much longer. I enclose a reprint of the article.

I suppose that if you print the article, the permission fee will be due to me rather than to the Yale Press.

Joel Bergsman is coming to see me today and I will give him your regards.

Sincerely yours,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

April 21, 1970

M. Paul Bertin
Conseiller Financier pour
l'Amerique Latine
Ambassade de France
Reconquista 165 - 3^o p.of.324
Buenos Aires
Argentina

Dear M. Bertin,

Thank you for your letter of April 8. The volume in question, "The Structure of Protection in Developing Countries", is being revised at the moment, but I shall send you a copy in June.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

April 21, 1970

Dr. H. David Evans
Monash University
Faculty of Economics and Politics
Clayton
Victoria
Australia 3168

Dear Dr. Evans,

In response to your letter of February 12, I give below a list of my recent papers relating to the effective protection issue. I am sending under separate cover copies of these papers, and the "Structure of Protection" volume will follow in June. I shall be interested to receive your papers in return.

"Tariffs, Intermediate Goods, and Domestic Protection", Comment and Rejoinder, American Economic Review (forthcoming).

"The Effective Rates of Protection and the Question of Labor Protection in the United States", Comment, Journal of Political Economy, July/August 1970 (with Stephen Guisinger and Daniel Schydrowsky).

"The Impact of the Industrial Countries' Tariff Structure on Their Imports of Manufactures from Less Developed Areas", Reply, Economica, (forthcoming).

"The Structure of Protection in Industrial Countries and its Effects on the Exports of Processed Goods from Developing Countries", Second UNCTAD Conference, United Nations, New York, 1968.

"The Structure of Protection in Developing Countries",
World Bank, mimeo, June 1970.

Sincerely yours,

Bela Balassa
Professor of Political Economy

April 21, 1970

Economica
London School of Economics
Houghton Street
Aldwych
London W.C.2.
England

Dear Sirs,

I enclose my cheque for \$84 in payment of your invoice E.4169. Is the charge of £35 correct for 125 reprints? I seem to remember it was cheaper.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

PI-B-70 376

April 21, 1970

Mr. Jose Penafiel
Executive Director
Centro de Desarrollo
Caracas No. 172 y Salinas
Casilla Postal 2321
Quito
Ecuador

Dear Mr. Penafiel,

We are revising the volume "Structure of Protection in Developing Countries" at the moment, but shall be pleased to send you a copy of the final version in June.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

April 21, 1970

Professor Erik Thorbecke
Department of Economics
Iowa State University
Ames
Iowa 50010

Dear Erik:

Max will be arriving at La Guardia at 3.25 p.m. on Friday, May 15, and will depart the next day at 6.30 p.m. I wonder if it would be possible to coordinate your arrival and departure so as to match his. My own arrival and departure times are 3.30 p.m. and 6.30 p.m. on the days in question.

Sincerely yours,

Bela Balassa

April 21, 1970

The Macmillan Company
866 Third Avenue
New York, N.Y. 10022

Dear Sirs:

Please send me one copy of Pal Kelemen,
Medieval American Art if this is a paperback.
If it is a hard-cover book only, would you send
me a quotation.

Sincerely yours,

Bela Balassa

Home Address
2139 Wyoming Avenue N.W.
Washington, D.C. 20008

April 21, 1970

The Economists' Bookshop Ltd.
Clare Market
Portugal Street
London W.C.2.
England

Dear Sirs,

I should like to order the following books:

Jagdish Bhagwati, Trade, Tariffs and Growth,
Essays in the Theory of International Trade,
Weidenfeld and Nicholson

G. Reichel-Dolmottoff, Colombia, Thames &
Hudson

G.H.S. Bushnell, Peru

Betty Meggar, Ecuador

These books should be sent to my home address
(2139 Wyoming Avenue, N.W., Washington D.C. 20008, USA)
although my account with you is under my university ad-
dress and the bill should be sent there.

Sincerely yours,

Bela Balassa

April 20, 1970

Professor Luis Eugenio Di Marco
Universidad Nacional de Cordoba
Facultad de Ciencias Economicas
Cordoba
Argentina

Dear Professor Di Marco:

Many thanks for your letter of February 27. I very much hope to be able to finish the paper on the industrial policy of Taiwan and Korea by June 1970. Meanwhile, I would like to ask you to inform me if the volume will be published in English as well as in Spanish. Should it be published in Spanish only I would also seek publication of my paper in English. I would appreciate hearing from you on this at the earliest opportunity.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

April 17, 1970

Mr. Dag Ehrenpreis
Editor, Social Sciences Department
Ab Raben & Sjögren Bokförlag
Box 45 022
104 30 Stockholm
Sweden

Dear Sir,

I received a copy of the letter from Professor Haberler concerning the reprinting of my "Whither French Planning". The honorarium you suggest is acceptable to me; I understand that I will receive it by the time the book is published. In the meantime, I would appreciate it if you would let me know the proposed title of the book.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

April 14, 1970

The Economists' Bookshop Ltd.
Clare Market
Portugal Street
London W.C.2.
England

Dear Sirs:

I have now received invoice Z.49694 dated 6 April 1970. Please refer to my letter of 13 March when I returned invoice Z.46249 which had been wrongly addressed. I asked for the books to be sent to my home address but the account should go to my university address (see above). I also have a credit balance on my account.

Sincerely yours,

Bela Balassa

(Home Address)
2139 Wyoming Avenue N.W.
Washington D.C. 20008
USA

P.S. Please indicate the amount due so that payment can be made, and would you return invoice Z.46249 to me.

April 14, 1970

Professor Mark Perlman
Journal of Economic Literature
P.O.Box 7320, Oakland Station
Pittsburgh, Pa. 15213

Dear Professor Perlman:

I return the corrected proof of my review
of Alfred Maizels, Exports and Economic Growth
of Developing Countries. Please send the five
reprints to the above address.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Moeen A. Qureshi

April 14, 1970

Bela Balassa

Turkey - Anadolu Cam Sanayi, A.S. (ACS)

I like your exposition in the section on protection. Clearly, in a country like Turkey, measuring protection by nominal tariffs at the present exchange rate would have little practical usefulness. Thus, the project in question affords a good opportunity to introduce the concept of net effective protection in discussions at the Board.

I wonder, however, if the last paragraph on p.2 will be easily understandable to people unfamiliar with our discussions on the subject. You could perhaps draw on the first part of my paper "Industrial Protection in Developing Countries" to indicate the relevance of the free trade exchange rate to the discussion. Incidentally, the paper will be available for distribution in blue covers next week and a reference to it could therefore be made.

You may also wish to emphasize the error possibilities involved in the calculations. These error possibilities have much greater importance in making estimates for a single project than in the evaluation of a country's structure of protection. Indeed, as you also noted in an earlier communication, a relatively small difference in the shadow exchange rate may "make or break" a project. For these reasons I suggested last year the use of Little's method of expressing all relevant magnitudes, including wages, in world market prices. This method avoids estimating the shadow exchange rate although it has some deficiencies of its own. All in all, it would seem desirable to apply both methods in project evaluation.

c.c. Messrs. Kamarck
Stevenson

BBalassa:alj

Mr. Jack Lowther

April 13, 1970

Bela Balassa

Travel Plans for 1970-71

I plan to visit some of the countries included in the Development Strategies in Semi-Industrial Countries project, probably to Israel, Colombia, and Argentina. In connection with the trip to Israel, I also plan to go to Kiel (Germany) to participate in a conference on research in developing countries.

BBalassa:alj

April 10, 1970

Professor Charles P. Kindleberger
Department of Economics
M.I.T.
Cambridge
Mass.

Dear Charlie:

Many thanks for sending me your reading
list on international monetary economics. I
hereby reciprocate.

It was good to see you and I am only sorry
that preparation for my trip did not leave me more
time to spend with you. The Madrid conference,
incidentally, was rather chaotic but interesting.

Sincerely yours,

Bela Balassa

Special Delivery

April 13, 1970

Mr. Gerardo Bueno
Nacional Financiera
V. Carranza 25
Mexico 1, D.F.
Mexico

Dear Gerardo:

I have tried to call you but have not succeeded so far. I am therefore writing to you but will also try to get in touch on the telephone. Should I not be able to, please call me on receipt of this letter.

It is my plan to give the manuscript of the "Structure of Protection in Developing Countries" volume to the publisher in May. This makes it necessary for me to put the country chapters in final form by the end of this month. At our last meeting you indicated your desire to make certain corrections in the Mexican chapter and promised a list of the footnotes. Please do so within the next two weeks because otherwise I will not be able to make the appropriate changes in your chapter.

Perhaps you could send me the footnotes upon receipt of this letter and make the corrections afterwards. Should you not have the time to make the corrections, please send me the copy of your chapter I marked up during my last visit. I would then use this copy to make the corrections myself and rewrite the conclusion of the chapter on the basis of the few pages you sent me some months ago.

Let me add that I am in the Bank on Monday mornings, Tuesdays and Fridays, and it would be convenient if you called me here rather than at Hopkins.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: April 10, 1970

FROM: Bela Balassa

SUBJECT: Outside Research

The purpose of this note is to provide some tentative suggestions on the uses of funds for financing outside research.

I agree with you concerning the desirability of using funds available for outside research to finance studies undertaken by research institutes in the developing countries. At the same time, with few exceptions, these institutes do not have the capacity to carry out research conforming to the standards of the Bank. Under such circumstances, cooperative research with economists in the United States or Britain would offer an appropriate alternative. I suppose that in some instances this might involve financing the U.S. or U.K. collaborators while in others they could provide their own funds, thus limiting our financing to institutes in developing countries.

Much good research has been done on a cooperative basis in Latin America under the leadership of the Brookings Institution. This program is presently under review but the chances seem to be good for its continuation in the future. Accordingly, in Bank-financed research you might wish to give priority to Asia and Africa. This should not mean, however, the complete exclusion of Latin America from our research program; smaller projects could well complement the large undertakings of the Brookings Institution, as well as the projects we may support in other regions.

As regards topics, it would seem advisable to focus on a few key areas for the time being. This would involve concentrating our efforts rather than dispersing them and it would also permit comparing the results of studies undertaken in various regions. Possible topics include the effects of population growth on savings and investment; a cost-benefit analysis of education at various levels; the effects of excess capacity on industrial growth; export promotion schemes; and the regional integration of small countries.

I suggest that whenever possible studies should be undertaken on a comparative basis. On the one hand, there is a saving involved by using common methodology in studying several countries; on the other, additional information is provided for the evaluation of the experience of each of the countries. To assure high quality, it would be desirable to engage outstanding economists to direct studies on particular subjects who would supervise work on country studies carried out preferably by institutes in developing nations. To ensure coordination on the part of the Bank, it would be useful to establish study groups with the participation of Bank personnel from various departments.

I further suggest that, with the participation of the OECD Development Center, we draw up a list of research institutes in developing countries. We could ask the opinion of Area Departments and outsiders concerning these institutes and visit some of them in connection with, or independently from, work done in the countries in question. The aim should be to establish a roster of research institutes we may involve in our programs.

c.c. Mr. Stevenson

BBalassa:alj

Home Address

2139 Wyoming Avenue N.W.
Washington, D.C. 20008

April 9, 1970

Mr. Donald J. Hayden
Auchincloss, Parker & Redpath
Two Broadway
New York, N.Y. 10004

Dear Mr. Hayden:

On March 9 I requested that a check in the amount of my credit balance be sent to me immediately. A month later, I have now received a check for \$1894.59 but this covers only a small part of my credit balance of \$13,410.88. This delay compounds the negligence I have experienced on the part of your firm, about which I have already written you several letters without getting full satisfaction. Should I not receive a check for the remainder of my credit balance I will have to inform the SEC and the New York Stock Exchange. Furthermore, as a partial compensation for the inconvenience and the investment opportunities foregone due to your delay, I wish to receive interest in full on the amount in question from the time I requested a transfer. I wish to add that this request was repeated twice over the past month.

Sincerely yours,

Bela Balassa

2139 Wyoming Avenue, N.W.
Washington, D.C. 20008

April 9, 1970

Arena Stage
6th & M Streets S.W.
Washington D.C. 20024

Dear Sirs:

I am returning my two tickets for
April 30 and would ask you to send me
instead four similar tickets, all together.

My check for \$10.40 and a stamped
addressed envelope are enclosed.

Sincerely yours,

Bela Balassa

OFFICE MEMORANDUM

TO: Mr. Andrew Kamarck

DATE: April 7, 1970

FROM: Bela Balassa

SUBJECT: Back-to-Office Report: Colombia and Argentina (March 26 to April 2)

I report below on my discussions with government officials and economists in Colombia (March 26 to 28) and Argentina (March 30 to April 2) on the possible inclusion of the two countries in the Development Strategies in Semi-Industrial Countries project.

Colombia

The Colombian study would be carried out by Daniel M. Schydrowsky, Assistant Professor at Harvard University, Thomas Hutcheson, a Ph.D. candidate at the University of Michigan, and Malcolm Gilles, a Research Associate at Harvard University. Hutcheson has been working on effective protection in Colombia since the fall, while Gilles has been engaged in research on Colombia's tax structure. Daniel Schydrowsky would coordinate the work of the two researchers and do much of the writing.

The main problem encountered in carrying out a study on the system of incentives in Colombia is the lack of a reliable input-output table. In his work, Hutcheson has therefore used directly the data provided by the industrial census for the year 1967. He has employed a sampling procedure selecting several industries for each two-digit industry group. For our purposes this solution is not satisfactory, however, because the results would not be available in a breakdown detailed enough to permit an evaluation of the effects of the incentive system. Accordingly, I have agreed with Mr. Hutcheson to carry out calculations for some 110 three-digit industries.

The use of census data involves a substantial amount of work and its completion would make it necessary for Hutcheson to stay in Bogota beyond the academic year 1969-70 for which he has financing. Given the interest expressed in the study on the part of the Colombian Planning Bureau (Planeacion), I have reached an agreement with the Chief of its Industrial Division that he will request Hutcheson's services for the year 1970-71 from the Harvard Advisory Group. Since the Colombian representatives of the Harvard Advisory Group are anxious to have the study done, it appears likely that they will hire Hutcheson in the period indicated to carry out this study. If for any reason this arrangement will not be feasible, however, the Colombian study could be undertaken only if the Bank provides financing for Hutcheson's stay in Bogota next year.

Argentina

The study will be undertaken by Daniel Schydrowsky in collaboration with Adolfo Canitrot, the Director of the International Trade Section of the Planning Bureau (CONADE). Mr. Canitrot is one of the chief officials in CONADE and an excellent economist; he holds a Ph.D. from Stanford University.

In Argentina we face the same problem as in Colombia, i.e. an input-output table for a recent year is not available. Calculations on effective protection have been made, on the basis of methodology I transmitted to CONADE a few years ago, but these pertain to the year 1965 and rely on an updated input-output table reflecting the structure of production in 1953. Given the important changes in the system of incentives in 1967, for the study to be of interest to policy makers it should deal with post-1967 conditions for which the structure of production in 1953 is hardly relevant.

Census data are available for Argentine industry for the year 1963 and these could be updated by the use of price indices for 1968 or 1969. But the first task is preparing the input-output table which will take at least six months. While both Mr. Dagnino Pastore (Minister of Economy and Labor) and Mr. Eduardo Zalduendo (Secretary CONADE) expressed considerable interest in the study, a decision has not yet been reached if CONADE would provide two people for a period of about 18 months who would be needed to prepare the input-output table, to collect information on the system of incentives and to make the calculations necessary for evaluating the system of incentives. Mr. Schydrowsky stayed in Buenos Aires after my departure and I hope that he will get an answer from CONADE by the end of his stay.

c.c. Messrs. Stevenson
Kalmanoff
Mrs. Hughes

Alter
Avramovic
Ross

BBalassa:alj

April 7, 1970

Professor Michael C. Lovell
Wesleyan University
Department of Economics
Middletown
Conn. 06457

Dear Mike:

Patrick's paper is a good one but I wonder if you would wish to publish it in the Review of Economic Studies. The problem itself is not terribly interesting and, as indicated in the third paragraph of the abstract, the solutions he arrives at are rather cumbersome. Also the paper is too long for what it says.

You might perhaps tell Patrick to submit the paper to the new Journal of International Economics edited by Jagdish Bhagwati. It might be of interest for a specialized journal. I am enclosing the paper.

Sincerely yours,

Bela Balassa

April 7, 1970

Mr. Gardner Patterson
Assistant Director-General
Department of Trade Policy
GATT
Villa le Bocage
Palais des Nations
CH-1211
Geneva 10
Switzerland

Dear Gardner:

This is to support Harry Johnson's suggestion on organizing a conference on effective protection. I believe that such a conference would be an important step in the further development of tariff theory. Given GATT's interest in tariff problems, you might find it appropriate to provide financing for the conference.

I plan to be in Geneva in late June or early July in connection with a research project on European integration. I very much hope to have the occasion to see you then.

Sincerely yours,

Bela Balassa

April 7, 1970

Mr. Carl McMillan
Carleton University
Department of Economics
Ottawa 1, Ont.
Canada

Dear Carl:

Your chapter V is excellent and would need no re-writing. I wonder, however, if you would consider adding the year 1968 for calculating the measures of Soviet intra-industry specialization in the table on p.12. In this way you would be on firmer grounds for deriving your conclusions. You may also wish to contact Herbert Grubel of the University of Pennsylvania who, if I rightly recall, is recalculating measures of intra-industry specialization for the Common Market countries for a recent year. Should you be able to obtain his results, all comparisons could pertain to 1968 or thereabouts.

Sincerely yours,

Bela Balassa

April 8, 1970

Mr. Carl McMillan
Carleton University
Department of Economics
Ottawa 1, Ont.
Canada

Dear Carl:

I shall be in Washington until at least
June 7 and shall be pleased to see you at any
time until then.

Sincerely yours,

Bela Balassa

April 7, 1970

Professor Lorie Tarshis
Department of Economics
Stanford University
Stanford, Cal. 94305

Dear Lorie:

Apparently the last memo from Fritz concerning the capital movements volume has missed me. Walter kindly read the letter over the 'phone and indicated that the deadline for my contribution is April 30. I will send you at the time the face copy and two carbons as required.

With best regards,

Bela Balassa

c.c. Mrs. Mary Fernholz
(secretary to Prof. Machlup)

April 7, 1970

Professor Franklyn D. Holzman
Department of Economics
Tufts University
Medford, Mass. 02155

Dear Frank:

Many thanks for your recent letter. I plan to go to Paris next February for a stay of three or four months. I look forward to seeing you then.

Sincerely yours,

Bela Balassa

April 7, 1970

M. Abdeljabbar Bsais
6 impasse El Arif
Tunis
Tunisia

Cher Ami,

Je suis content d'avoir de vos nouvelles.
Votre programme d'etudes me semble excellent et
je vous souhaite de succes dans votre travail.

Je vous envoie, sous pli separe, une etude
sur "Cost-Benefit Analysis in Education: A Case
Study on Kenya".

Veuillez agreer, cher Ami, l'expression de
mes sentiments les meilleurs.

Bela Balassa

April 7, 1970

Mr. Javier Irastorza
Presidencia del Gobierno
Comisaria del Plan de Desarrollo Economico
Secretario General
Castellana, 3
Madrid, Spain

Dear Mr. Irastorza,

Please excuse the delay with this letter. I have just returned from a ten-day stay in Latin America and was not able to write to you beforehand.

I have spoken today with Professor Thorbecke, to whom I am sending a copy of this letter. He has expressed interest in participating in your work on the Third Development Plan but would like to receive further information on the scope of his participation before committing himself. He has also indicated that while he would not be free in May, he could possibly spend the month of June in Madrid.

May I suggest that you write to Professor Thorbecke at the earliest opportunity, telling him also of the minimum time period that would be necessary for his stay. He would also need information on the modalities of the proposed consultant arrangement. His address is Iowa State University, Department of Economics, Ames, Iowa 50010, U.S.A.

It was a pleasure meeting you in Spain and I am only sorry that my other obligations do not permit me to spend a period of some length in Madrid this year.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

cc. Erik Thorbecke

April 7, 1970

Professor Richard D. Portes
Woodrow Wilson School of Public
& International Affairs
Princeton University
Princeton, N.J. 08540

Dear Richard:

In a recent report of ASTE I saw a reference to your paper on "The Hungarian Economy 1965-1970" to appear in Predicting Communist Economic Performance. I would appreciate it if you could send me a copy. I earlier received your paper for the May 1970 issue of the American Economic Review but would like to have any additional papers you might have written on Hungary.

I plan to go to Budapest in June to do research on a paper I will present at the Ann Arbor conference on Eastern European reform. I will send you a copy of the paper in due course.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

April 7, 1970

Mr. Donald J. Hayden
Auchincloss, Parker & Redpath
Two Broadway
New York, N.Y. 10004

Dear Mr. Hayden:

Following my letter of February 16, I have received the corrected information return to the Internal Revenue Service for the year 1969. I presume that your Accounting Department has been informed that the 1960 information return should not include interest on municipal bonds.

I have not yet received satisfaction, however, concerning points (1) and (2) of my letter. I would appreciate it if you would attend to these matters before the account is transferred to Herzfeld & Stern. I am sending a copy of this letter to my broker at Herzfeld & Stern, Mr. Otto Liebling.

Sincerely yours,

Bela Balassa

c.c. Mr. Otto Liebling