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Washington, D.C.

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DECEMBER

1981

THE WORLD BANK GROUP  
**Archives**



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Bela Balassa's chron files - December 1981

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B. BALASSA CHRON FILE DEC 1981

Messrs H.B. Chenery, VPD, and J.H. Duloy, DRC

December 31, 1981

Bela Balassa, DRC

Research Papers and Advisory Reports

I enclose an updated list of my research papers and advisory reports, including the reports of Bank missions I have led. The list covers a period of fifteen years I have spent at the Bank.

cc: Mr. Paijmans, AOPVP

Enclosure  
BBalassa:bp



Columbia University Press  
136 S. Broadway  
Irvington-On-Hudson  
New York, N.Y. 10533

December 28, 1981

Dear Sir:

I wish to order a copy of *The modernization of agriculture: Rural transformation in Hungary, 1848-1975*, by Joseph Held.

Enclosed is a check for \$25.00.

Sincerely,

Bela Balassa



University of Michigan Press  
39 Green Street  
Ann Arbor, MI 48109

December 28, 1981

Dear Sir:

I wish to order a copy of *China's transition to industrialism: Producer goods and economic development in the twentieth century*, by Thomas G. Rawski.

Enclosed is a check for \$16.50.

Sincerely,

Bela Balassa

RECENT AND PROSPECTIVE CHANGES IN TRADE,  
AID AND THE CURRENT ACCOUNT BALANCE

Introduction

This report will review recent and prospective developments in international trade, foreign aid, and the current account balance in OECD, OPEC, non-OPEC developing countries, and centrally planned economies. It will further provide a brief interpretation of these trends. Actual developments in 1980, estimates for 1981, and prospective changes in 1982 will be considered in the report. <sup>1/</sup>

Developments in 1980

International Trade

As shown in Table 1, the rate of growth of GDP (the gross domestic product) of the OECD countries declined from 3.3 percent in 1979 to 1.5 percent in 1980. The change in import volume was even greater, with an increase of 8.2 percent in 1979 being followed by a decline of 1.25 percent in 1980. The major factor in this decline was the 13 percent fall in oil imports from OPEC, reflecting the effects of oil-saving measures in the OECD countries. By contrast, OECD imports from non-OPEC developing countries rose by 7 percent in volume terms as the imports of manufactured goods continued to increase, albeit at a lower rate than in previous years. Finally, the volume of OECD imports from the centrally planned economies declined slightly.

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<sup>1/</sup> The report follows an earlier report of the same title, prepared in January 1981, and "Short-Term and Long-Term Changes in the World Economy," prepared in July 1981. It is based on the following documents: General Agreement on Tariffs and Trade, International Trade, 1980/81, Organization for Economic Co-operation and Development OECD Economic Outlook, December 1981 and OECD Development Assistance Committee, Development Co-operation, 1981 Review.



The volume of OECD exports to all destinations rose by 4 percent in 1980, with the largest increases experienced in OPEC markets (12 percent) followed by the non-OPEC developing countries (9.5 percent), the centrally planned economies (3 percent) and intra-OECD trade (2.75 percent). Nevertheless, with the 70 percent rise in oil prices, the balance of trade of the OECD countries continued to deteriorate. These countries experienced a trade deficit of \$73 billion in 1980, compared to a deficit of \$39 billion in 1979. At the same time, the trade deficit of the non-OPEC developing countries rose from \$33 billion to \$48 billion, reflecting in large part the rise in oil prices.

The deterioration in the trade balance of the two groups of oil-importing countries had its counterpart in the rise of the OPEC trade surplus, from \$107 billion in 1979 to \$167 billion in 1980. Service payments and private transfers, chiefly royalties paid to oil companies and workers' remittances, offset nearly one-third of this surplus. Still, the OPEC countries had a surplus of \$113 billion in the goods, services, and private transfers balance in 1980, compared to deficits of \$48 billion in the OECD countries and \$71 billion in the non-OPEC developing countries. In the same year, the centrally planned economies were in an approximate balance.

#### Foreign Assistance

The balance-of-payments statistics reported in Table 2 show an increase in net official transfers of the OECD countries from \$22 billion in 1979 to \$25 billion in 1980. A larger increase, from \$22.4 billion to \$26.8 billion, is reported by the OECD Development Assistance Committee, according to which the average ratio of official development assistance to the gross national product (GNP) of the OECD countries



rose from 0.35 percent in 1979 to 0.37 percent in 1980. This compares with a ratio of 0.34 percent in 1970, representing an increase of 3.5 percent a year in volume terms.

The increase in foreign assistance for the OECD as a whole in 1980 largely reflects the reversal of a downward trend in the United States, where the ratio of official development assistance to GNP reached 0.27 in 1980, after having declined from 0.32 percent in 1970 to 0.20 percent in 1979. This reversal was due in part to the efforts of the Carter Administration to increase foreign aid and in part to the delayed disbursement of IDA funds.

In the other OECD countries, taken together, the average ratio of official development assistance to GNP remained at 0.43 in 1980. However, a reversal of an upward trend occurred in the United Kingdom, where the ratio of official development assistance to GNP increased from 0.39 percent in 1970 to 0.57 percent in 1979 and declined to 0.34 percent in 1980. The decline reflects the policies adopted by the government of Margaret Thatcher as well as delays in the disbursement of bilateral aid and the postponement of IDA replenishment to 1981.

Little change occurred in the other OECD countries. Among the larger countries, France continues to lead with a 0.62 percent ratio of official development assistance to GNP in 1980, followed by Germany (0.43 percent), Japan (0.32 percent) and Italy (0.17 percent). Higher ratios are observed in most of the smaller countries, including the Netherlands (0.99 percent), Norway (0.82 percent), Sweden (0.76 percent), and Denmark (0.72 percent), while Switzerland (0.24 percent) and Austria (0.22 percent) are among the laggards.

With net disbursement of \$7.0 billion in 1980, official development assistance equalled 1.35 percent of GNP in the OPEC countries, much exceeding the OECD ratio but representing a decline from 2.94 percent in 1975 and 1.48 percent in 1979. At the same time, the \$7.0 billion figure is substantially above the \$3 billion estimate reported in the balance-of-payments table.

The centrally planned economies provided official development assistance of \$1.8 billion in 1980, representing 0.12 percent of their GNP. This ratio hardly changed during the seventies; it was 0.14 percent in 1970 and 0.12 percent in 1979. The relevant data are not shown in balance-of-payments statistics.

#### Current Account Balance

All in all, the current account surplus of the OPEC countries increased from \$62 billion in 1979 to \$110 billion in 1980. This increase falls short of the rise in the current account deficit of the OECD countries (from \$33 billion to \$73 billion) and the non-OPEC developing countries (from \$38 billion to \$60 billion) combined. The difference reflects a decline in the deficit of the centrally planned economies (from \$4 billion to \$1 billion) as well as statistical error.

The OPEC surplus of \$110 billion in 1980 compares with the earlier peak of \$59 billion in 1974. However, world export prices excluding oil increased by about three-fourths during this period, so that the real value of the OPEC surplus increased only little. Nor did non-OPEC developing countries on the whole experience problems in financing their deficits, the exceptions being a few countries with high debt-service ratios, such as Turkey.



Estimates for 1981 and 1982

International Trade

The decline in OECD oil imports from OPEC continued in 1981 and further decreases are foreseen in 1982. The expected fall in these imports by 16.5 percent in 1981 and 5.2 percent in 1982 compares with estimated increases of 5.5 percent in the volume of OECD imports from the non-OPEC developing countries in both 1981 and 1982. All in all, total imports into OECD would decline by 2.5 percent in volume terms in 1981 and increase by 3.5 percent in 1982, compared with estimated increases of 0.5 percent and 1.25 percent, respectively, in the combined GDP of the OECD countries.

The decline of OECD imports from OPEC is expected to keep oil prices stable in 1982. Oil prices are estimated to have increased by 11 percent on the average in 1981 as some of the rise in prices in 1980 occurred only in the second half of that year but the higher prices applied in all of 1981.

The described changes would bring a decline in the dollar value of OPEC exports while their imports are expected to increase further. Correspondingly, the OPEC trade surplus would decline from \$167 billion in 1980 to \$113 billion in 1981 and to \$85 billion in 1982; only five months ago, the OECD Secretariat projected surpluses of \$160 billion and \$134 billion for 1981 and 1982, respectively.

The counterpart of the decline in the OPEC surplus is the projected fall of the OECD trade deficit, from \$73 billion in 1980 to \$25 billion in 1981 and to \$8 billion in 1982; this compares to earlier estimates of \$62 billion in 1981 and \$40 billion in 1982. Apart from efforts made to



economize with oil, increased exports to OPEC as well as favorable price developments would contribute to these results.

In conformity with earlier projections, continued increases in the trade deficit of non-OPEC developing countries are expected, reaching \$54 billion in 1981 and \$57 billion in 1982 as the terms of trade of these countries deteriorate. Their poor export performance would also lead to a deterioration in the position of the centrally planned economies whose trade deficit is estimated at \$1 billion in 1981 and \$5 billion in 1982, compared to the surpluses projected earlier.

A lower OPEC trade surplus translates into a lower deficit in the services account as royalties paid to foreign oil companies decline. Nevertheless, the OPEC surplus on the goods, services, and private transfers balance would decline from \$113 billion in 1980 to \$64 billion in 1981 and to \$39 billion in 1982. In turn, the OECD countries are expected to return to equilibrium by 1982, with the non-OPEC developing countries (\$85 billion) and the centrally planned economies (\$8 billion) experiencing deficits.

#### Foreign Assistance

The OECD Secretariat projects no change in net official transfers by the OECD countries in 1981 and an increase to \$28 billion in 1982. These projections are lower than earlier estimates, reflecting largely expected reductions in U.S. aid under the Reagan Administration. With the negative position of the government of Margaret Thatcher towards foreign aid being maintained, one cannot expect an increase in the average ratio of official development assistance to GNP on the OECD level, notwithstanding projected improvements in France, Germany, Italy, and Japan. There is little hope, therefore, that the 0.40 percent

target of the OECD Development Assistance Committee for 1985 would be reached.

However, one can foresee continued increases in development assistance to the least developed countries. Aid to these countries from all sources rose by 129 percent between 1974 and 1979, compared to an increase of 86 percent to all non-OPEC developing countries. Much of the increased assistance has come, and is likely to continue to come, from multilateral sources. Nevertheless, with the stretching out of the U.S. contribution to IDA, these increases will tend to be smaller than in earlier years.

#### Current Account Balance

The projections of the OECD Secretariat call for a decline in the current account surplus of the OPEC countries from \$110 billion in 1980 to \$60 billion in 1981 and to \$35 billion in 1982. The latter figure matches the 1976 OPEC surplus while prices have increased by about three-fourths in the interim.

The decline in the OPEC surplus would be matched by the fall in the OECD deficit whereas the current account deficits of non-OPEC developing countries and the centrally planned economies would increase over time. The deficit of \$71 billion estimated for 1982 in the non-OPEC developing countries would exceed their 1976 deficit of \$17 billion several times. The financing of this deficit, in turn, would necessitate greater efforts of recycling on the part of the international financial community.



Table 1

Annual Changes in GDP and in Export and Import Values, Volume, and Unit Values  
(percent change from previous year)

|                                      | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>OECD</u>                          |             |             |             |             |             |             |
| Gross Domestic Product               | 3.7         | 3.9         | 3.3         | 1.5         | 0.5         | 1.25        |
| Exports: value                       | 13.8        | 20.0        | 22.1        | 17.0        | -1.0        | 8.0         |
| volume                               | 5.4         | 5.7         | 6.2         | 4.0         | 3.0         | 4.0         |
| unit value                           | 8.0         | 13.5        | 15.0        | 12.75       | -4.25       | 4.25        |
| Imports: value                       | 13.5        | 15.5        | 28.5        | 21.0        | -5.0        | 6.5         |
| volume                               | 4.4         | 5.0         | 8.25        | -1.25       | -2.5        | 3.5         |
| unit value                           | 8.75        | 10.0        | 18.75       | 22.0        | -2.5        | 3.0         |
| <u>OPEC</u>                          |             |             |             |             |             |             |
| Exports: value                       | 10.0        | 0.0         | 45.0        | 42.0        | -10.0       | -2.0        |
| volume                               | 2.0         | -2.5        | 0.5         | -14.0       | -19.0       | -2.0        |
| unit value                           | 8.0         | -2.5        | 45.0        | 65.0        | 11.0        | 0           |
| Imports: value                       | 23.5        | 23.5        | 1.5         | 28.0        | 19.0        | 14.0        |
| volume                               | 14.5        | 4.0         | -13.0       | 13.0        | 25.0        | 9.0         |
| unit value                           | 8.0         | 19.0        | 16.0        | 13.0        | -5.0        | 5.0         |
| <u>Non-OPEC Developing Countries</u> |             |             |             |             |             |             |
| Exports: value                       | 22.0        | 16.0        | 29.0        | 25.0        | 3.0         | 7.0         |
| volume                               | 8.0         | 7.0         | 9.0         | 9.0         | 6.0         | 5.0         |
| unit value                           | 13.0        | 8.0         | 18.0        | 16.0        | -3.0        | 2.0         |
| Imports: value                       | 18.0        | 20.0        | 31.0        | 7.0         | 10.0        | 11.0        |
| volume                               | 8.0         | 5.0         | 10.0        | 8.0         | 6.0         | 4.0         |
| unit value                           | 9.0         | 14.0        | 19.0        | -1.0        | 3.0         | 7.0         |

Source: OECD, Economic Outlook, various issues.

Note: Value data published in GATT, International Trade 1980/81 are broadly consistent with the above figures. GATT does not provide volume and unit value data.



## OFFICE MEMORANDUM

TO: Files

DATE: December 24, 1981

FROM: Bela Balassa

SUBJECT: Back-to-Office Memo: Budapest, December 19 - 21

1. I went to Budapest on December 19-21 in a private capacity to have discussions on my paper "Reforming the New Economic Mechanism in Hungary," which deals with the 1980-81 reform measures. The paper will be presented at the Meetings of the American Economic Association, to be held in Washington, D.C. on December 28-30, 1981, and at the Roundtable on the Hungarian Economy and East-West Economic Relations, to be held in Bloomington, Indiana, on March 21-24, 1982.

2. I met with some of the principal architects of the Hungarian economic reform, including Joseph Bognar (General-Director of Institutes of Economics and Industry), Bela Csikos-Nagy (President of the Price and Materials Office), Otto Gado (former Deputy-President of the Planning Office), and Rezso Nyers (former Minister of Finance), the first three of whom spoke at the Bank in the past. I also gave a seminar on the subject of my paper at the Institute of Economics of the Hungarian Academy of Sciences.

3. The paper was well received and it is expected that it will be published in Hungarian as was my 1978 paper "The Economic Reform in Hungary: Ten Years After." Also, following an earlier invitation, Mr. Csikos-Nagy asked me to lead the discussion on policies of export promotion and import substitution at a day-long meeting, to be held with the participation of high-level government officials, in late August.

4. A dozen leading Hungarian economists will participate at the March Roundtable in Indiana. One group will come to Washington on March 18-19 and plans to visit the Bank to acquaint themselves with the research program and country economic work. Mr. Nyers will come to Washington on March 28th and I suggest that we invite him to conduct an informal seminar at the Bank.

cc: Messrs. Stern, Chaufournier, Bart, Karaosmanoglu, Picciotto,  
Dubey, Humphrey  
DPS Directors  
DRC Senior Staff

BB/vec

Table 2

Summary of Balance of Payments on Current Account of the OECD Area and Other  
Major Country Groupings<sup>a/</sup>  
 \$ billion

|   | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>OECD</u>   |             |             |             |             |             |             |             |             |             |
| Trade Balance                                       | -26         | 5           | -17         | -23         | 6           | -39         | -73         | -25         | -8          |
| Services and Private Transfers, net                 | 10          | 7           | 12          | 13          | 22          | 29          | 25          | 15          | 10          |
| Balance on goods, services<br>and private transfers | -16         | 12          | -5          | -10         | 28          | -10         | -48         | -10         | 2           |
| Official transfers, net                             | -10         | -12         | -12         | -14         | -18         | -22         | -25         | -25         | -28         |
| Current balance                                     | -26         | -.5         | -18         | -24         | 10          | -33         | -73         | -35         | -27         |
| <u>OPEC</u>   |             |             |             |             |             |             |             |             |             |
| Trade balance                                       | 77          | 49          | 65          | 61          | 42          | 107         | 167         | 113         | 85          |
| Services and private transfers, net                 | -15         | -19         | -26         | -30         | -37         | -43         | -54         | -49         | -46         |
| Balance on goods, services<br>and private transfers | 62          | 30          | 39          | 31          | 5           | 64          | 113         | 64          | 39          |
| Official transfers, net                             | -3          | -3          | -2          | -2          | -1          | -3          | -3          | -4          | -4          |
| Current balance                                     | 59          | 27          | 36          | 29          | 4           | 62          | 110         | 60          | 35          |
| <u>Non-OPEC Developing Countries</u>                |             |             |             |             |             |             |             |             |             |
| Trade balance                                       | -23         | -28         | -15         | -12         | -21         | -33         | -48         | -54         | -57         |
| Services and private transfers, net                 | -8          | -9          | -9          | -7          | -9          | -15         | -23         | -26         | -28         |
| Balance on goods, services<br>and private transfers | -31         | -37         | -24         | -19         | -30         | -48         | -71         | -80         | -85         |
| Official transfers, net                             | 5           | 7           | 7           | 7           | 7           | 9           | 11          | 13          | 15          |
| Current balance                                     | -26         | -30         | -17         | -12         | -23         | -38         | -60         | -68         | -71         |
| <u>Centrally Planned Economies</u>                  |             |             |             |             |             |             |             |             |             |
| Trade balance                                       | -10         | -18         | -13         | -8          | -8          | -1          | 3           | -1          | -5          |
| Services and private transfers, net                 | 1           | 0           | 0           | 0           | -1          | -4          | -5          | -4          | -3          |
| Balance on goods, services<br>and private transfers | -9          | -18         | -13         | -8          | -9          | -5          | -2          | -5          | -8          |
| Official transfers, net                             | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Current balance                                     | -9          | -18         | -13         | -8          | -9          | -4          | -1          | -5          | -8          |

Source: OECD, Economic Outlook, various issues.

a/ Historical data for the OECD are aggregates of reported balance of payments data for each individual country. For non-OECD groupings, the data are estimated; in deriving the trade balances of these country groups, use is being made of trade statistics reported by OECD countries. Due to statistical errors and assymetries, the data for the four groupings do not add up to zero.



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cc: Messrs. Stern, Chaufournier, Bart, Karaosmanoglu, Picciotto,  
Dubey, Humphrey  
DPS Directors  
DRC Senior Staff

BB/vec

## OFFICE MEMORANDUM

TO: Those Listed

DATE: December 24, 1981

FROM: Bela Balassa

SUBJECT: Paper for AEA Meetings

I enclose a preliminary draft of my paper, "Disequilibrium Analysis for Developing Economies: An Overview of Issues and Techniques." This is one of two papers I will present at the December meetings of the American Economic Association. The other paper, "Reforming the New Economic Mechanism in Hungary," is available from my office. Comments on the paper would be appreciated.

Enclosure

cc: Messrs. B.B. King, Stoutjesdijk, Kavalsky, Baneth, de Melo, Hanson, Pursell, Squire, Westphal, Duloy, Pyatt, Bell, Bowden, Feder, Grais, Mitra, Takayama, van Wijnbergen



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Dodin Bouffant  
25-27, rue Frédéric-Sauton  
Paris 5e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

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Atelier Maître Albert  
1, rue Maître Albert  
Paris 5e  
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Chez Toutoune  
9, rue de Pontoise  
Paris 5e  
France

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Bela Balassa

P.J.: "A Primer in Culinary Economics"

Daniel Tuboeuf  
26, rue de Montmorency  
Paris 3e  
France



23 décembre 1981

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**OFFICIAL FILE COPY**

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Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Chez Pauline  
5, rue Villedo  
Paris 1er  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Petit Coin de la Bourse  
16, rue Feydeau  
Paris 2e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Ami Louis  
32, rue du Vertbois  
Paris 3e  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

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Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Clodénis  
57, rue Caulaincourt  
Paris 18e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Cochon d'Or  
192, avenue Jean-Jaures  
Paris 19e  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

La Coquille  
6, rue du Débarcadere  
Paris 17e  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Petit Marguery  
81, rue La Fontaine  
Paris 16e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Muniche  
27, rue de Buci  
Paris 6e  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Au Comte de Gascogne  
89 avenue J.B. Clement  
Boulogne-Billancourt La Fontaine  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Camélia  
7, quai Georges Clemenceau  
Bougival  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

La Chaumière des Gourmets  
22, place Denfert-Rochereau  
Paris 14e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Pierre Vedel  
50, rue des Morillons  
Paris 15e  
France



23 décembre 1981

7  
Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Morot Gaudry  
8, rue de la Cavalerie  
Paris 15e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Chez Les Anges  
54 boulevard Latour-Maubourg  
Paris 7e  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Chez Maitre Paul  
12, rue Monsieur-le-Prince  
Paris 6e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Récamier  
4, rue Récamier  
Paris 7<sup>e</sup>  
France



23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

Le Petit Zinc  
25, rue de Buci  
Paris 6e  
France

23 décembre 1981

Cher Monsieur,

J'ai le plaisir de vous faire parvenir ci-joint un exemplaire du guide culinaire de Paris que je viens de préparer et dans lequel figure votre restaurant. Je serais heureux de connaître les réactions que susciterait de votre part la rubrique consacrée à votre établissement.

Dans l'attente du plaisir de me rendre dans votre restaurant lors d'un de mes prochains passages à Paris, je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments distingués.

Bela Balassa

P.J.: "A Primer in Culinary Economics"

La Bucherie  
41, rue de la Bucherie  
Paris 5e  
France



## OFFICE MEMORANDUM

TO: Mr. Rene Vours, EM2  
FROM: Bela Balassa, DRC  
SUBJECT: Tunisia Mission

DATE: December 11, 1981.

I have reviewed the reports you have sent me. They contain a discussion of a number of issues I raised in my advisory report last March. I enclose a list indicating items where further discussion may be useful on the occasion of my January visit to Tunis.

I would like to add that there are some important issues which were covered in my March report but were taken up in the reports you sent me. They include (a) tariff structure, (b) the generation of savings and the role of financial intermediaries, other than the stock market.

cc: Messrs. Fernandez, Reichelt, EM2

Enclosure  
BBalassa:nc

## TUNISIE

### Sous-Commission de la promotion des exportations

#### A. Exportation

les dispositions législatives sur la patente (I.1)

l'admission temporaire et drawback (I.2)

la fiscalité (V)

les sociétés commerciales d'exportation

#### B. Importation

les structures d'approvisionnement

### Sous-Commission du cadre institutionnel et du statut de l'investissement

l'acquisition des titres (1.I)

régime de prix (1.II)

l'aide de l'Etat (2.I)

### Sous-Commission des prix

politique de prix



NINETY-FOURTH ANNUAL MEETING OF  
THE AMERICAN ECONOMIC ASSOCIATION

Washington, D.C., December 27-30, 1981

Monday, December 28, 1981

- 8:00 a.m.      EMPIRICAL STUDIES OF TRADE AND THE EFFECTS OF TRADE POLICY  
Presiding: Ingo Walter, New York University  
Papers: Mauricio Barata de Paula Pinto, University of Sao Paulo  
Fast Growing Exports: An Appraisal of the Brazilian  
Experience  
T. Bayard, K. Johnson, and J. Orr, U.S. Department of Labor  
The Distributional Impact of U.S. Trade Restrictions  
Alicia Mullor-Sebastian, International Monetary Fund  
The Product-Cycle Theory: Empirical Evidence  
Discussants: Keith Maskus, University of Colorado  
John Mutti, University of Wyoming
- 10:15 a.m.      MACROECONOMIC POLICY IN THE OPEN ECONOMY\*  
Presiding: Michael Mussa, University of Chicago  
Papers: Maurice Obstfeld, Columbia University  
Can We Sterilize? Theory and Evidence  
Robert Flood, University of Virginia  
The Scope for Activism in the Open Economy  
Jeffrey Sachs, Harvard University  
Stabilization Policies in the World Economy: Scope and  
Skepticism  
Discussants: John Kareken, University of Minnesota  
Paul Krugman, Massachusetts Institute of Technology  
Allan C. Stockman, University of Rochester

Tuesday, December 29, 1981

- 8:00 a.m.      POLITICAL AND ECONOMIC DETERMINANTS OF TRADE BARRIERS  
Presiding: Anne O. Krueger, University of Minnesota  
Papers: Robert Baldwin, University of Wisconsin-Madison  
Political Economy of U.S. Import Policy  
Ronald Findlay and Stanislaw Wellisz, Columbia University  
Some Political Economy Aspects of Trade Restriction in the  
Presence of International Factor Mobility  
J. M. Finger, World Bank  
Political Economy of Administered Protection  
Discussants: Jorge Braga de Macedo, Princeton University  
Stephen P. Magee, University of Texas-Austin  
Patrick Messerlin, University of Houston
- 2:00 p.m.      TRADE POLICIES, LABOR MARKETS, AND ECONOMIC DEVELOPMENT  
Presiding: Ronald I. McKinnon, Stanford University  
Papers: Carlos E. Santiago, Wayne State University  
A "Dual-Dual" Framework of Labor Allocation and its  
Application to Puerto Rico  
George C. Georgiou, George Washington University  
Alternate Trade Strategies and Employment in Cyprus

Ira N. Gang, Cornell University  
Labor Markets, Trade Policies, and the LDC Poor  
Jae Wan Chung, George Mason University, and Ungsuh K. Park,  
Korea, International Economic Institute  
Export Promotion, Cost of Production, and Economic  
Development  
Discussants: Jeffrey S. Hammer, University of California-San  
Diego  
Carmel Chiswick, University of Illinois-Chicago

Wednesday, December 30, 1981

10:15 SOCIALIST ECONOMIC REFORM REVISITED (Joint Session with the  
Association for Comparative Economic Studies)  
Presiding: Abram Bergson, Harvard University  
Paper: Bela Balassa, Johns Hopkins University and World Bank  
Reforming the Hungarian New Economic Mechanism  
Stephen Sacks, University of Connecticut  
Current Trends in Yugoslav Self-Management  
Thomas G. Rawski, University of Toronto  
The Chinese Economy: Post Mao  
Discussants: Edward A. Hewett, the Brookings Institution  
Svetozar Pejovich, University of Dallas  
Robert Dernberger, University of Michigan

\* Papers from sessions marked with an asterisk will be published in the  
Papers and Proceedings issues of the Review, May 1982



## OFFICE MEMORANDUM

TO: Mr. Rene Vaurs, EM2  
FROM: Bela Balassa, DRC  
SUBJECT: Tunisia Mission

DATE: December 11, 1981.

I have reviewed the reports you have sent me. They contain a discussion of a number of issues I raised in my advisory report last March. I enclose a list indicating items where further discussion may be useful on the occasion of my January visit to Tunis.

I would like to add that there are some important issues which were covered in my March report but were taken up in the reports you sent me. They include (a) tariff structure, (b) the generation of savings and the role of financial intermediaries, other than the stock market.

cc: Messrs. Fernandez, Reichelt, EM2

Enclosure  
BBalassa:nc

TUNISIE

Sous-Commission de la promotion des exportations

A. Exportation

les dispositions législatives sur la patente (I.1)

l'admission temporaire et drawback (I.2)

la fiscalité (V)

les sociétés commerciales d'exportation

B. Importation

les structures d'approvisionnement

Sous-Commission du cadre institutionnel et du statut de l'investissement

l'acquisition des titres (1.I)

régime de prix (1.II)

l'aide de l'Etat (2.I)

Sous-Commission des prix

politique de prix



## OFFICE MEMORANDUM

TO: Mr. Rene Vaurs, EM2

DATE: December 10, 1981.

FROM: Bela Balassa, DRC

SUBJECT: Tunisian Mission

I have reviewed the reports you have sent me. They contain a discussion of a number of issues I raised in my advisory report last March. I enclose a list indicating items where further discussion may be useful on the occasion of my January visit to Tunis.

I would like to add that there are some important issues which were covered in my March report but were taken up in the reports you sent me. They include (a) tariff structure; (b) the generation of savings and the role of financial intermediaries, other than the stock market; and (c) the status of public enterprises.

cc: Messrs. R. Ferendes, LCl; H. Reichelt, EM2.

Enclosure  
BBalassa:nc

## TUNISIE

### Sous-Commission de la promotion des exportations

#### A. Exportation

les dispositions législatives sur la patente (I.1)

l'admission temporaire et drawback (I.2)

la fiscalité (V)

les sociétés commerciales d'exportation

#### B. Importation

les structures d'approvisionnement

### Sous-Commission du cadre institutionnel et du statut de l'investissement

l'acquisition des titres (1.I)

régime de prix (1.II)

l'aide de l'Etat (2.I)

### Sous-Commission des prix

politique de prix



R Koc

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61991

RAHMI KOC, KOC HOLDING A.S. FINDIKLI 53,  
ISTANBUL, TURKEY

ARRIVING IN ISTANBUL FROM ANKARA DECEMBER 18 FRIDAY AFTERNOON.  
WOULD SUGGEST DINNER ON SAME EVENING IF CONVENIENT. REGARDS,  
BALASSA

CABLE

DECEMBER 10/81

BELA BALASSA

BELA BALASSA

BBalassa:nc

DRC - Director's Office

December 10, 1981.

Mr. Marton Tardos  
Institute of Economics  
Hungarian Academy of Sciences  
1502 Budapest  
Postafiók 262  
Budapest XI., Budaorsi ut 43/45  
Hungary

Dear Marci,

May I ask you to give copies of my paper to Messrs. Nyers and Bauer. I would like to see them, as they may be coming to the Bank in late March.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa



BRENDAN HORTON, C/O MR. MOUNILE, MINISTERE DU  
COMMERCE ET DE L'INDUSTRIE, RABAT, MOROCCO

THANK YOU FOR YOUR TELEX OF DECEMBER 9. PLEASE SEND ALL RESERVATION  
CONFIRMATIONS TO MY BANK ADDRESS. WILL RETURN TO WASHINGTON FROM  
TURKEY ON DECEMBER 22 AND WILL DEPART AGAIN ON JANUARY 7. REGARDS,  
BALASSA

CABLE

DECEMBER 10/81

BELA BALASSA

BELA BALASSA

DRC - Director's Office



December 10, 1981.

Mr. Andre Downs  
London School of Economics  
William Goodenough House  
Mecklenburgh Square  
London WCIN 2AB  
England

Dear Mr. Downs:

I am afraid that I cannot help you with your dissertation study on infant industries. However, Mrs. M. Nishimizu is doing work on the subject and I have sent your letter to her.

Yours sincerely,

Bela Balassa

December 10, 1981.

Ms. Shirley W. Y. Kuo  
The Central Bank of China  
Taipei, Taiwan  
The Republic of China

Dear Ms Kuo:

Thank you for your letter of November 18. Since our last exchange of letters on the subject, Professor Galenson asked me to submit the paper on April 1st. Correspondingly, I have postponed completing it until early next year.

With best regards,

Sincerely yours,

Enclosurex

Bela Balassa

Copy of Walter Galenson's letter of September 14, 1981





# Cornell University

Walter Galenson  
Jacob Gould Schurman  
Professor of Economics

September 14, 1981

168 Ives Hall  
Ithaca, N.Y. 14853

Dr. Bela Balassa  
The World Bank  
1818 H Street, NW  
Washington, DC 20433

Dear Dr. Balassa:

Because we were somewhat late in making final financial arrangements, it seems the better part of wisdom to defer the date on which your contribution to the volume on U.S. economic relations with the four Asian countries is due. Can I assume that you can get your paper in by April 1, 1982? Of course, if you should finish before then, please let me have it at once.

Let me know if there is anything I can do to help.

Best regards.

Sincerely,

A handwritten signature in cursive script that reads "Walter Galenson".

Walter Galenson

WG:dt



## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery, VPD  
FROM: Bela Balassa, DRC  
SUBJECT: Paper on Hungary

DATE: December 10, 1981.

In reference to our discussions, I enclose the preliminary draft of my "Reforming the New Economic Mechanism in Hungary." I will discuss the paper in Budapest on December 19-21 and will present it at the meetings of the American Economic Association on December 30th. This paper is a sequel to my "The Hungarian Economic Reform, 1968-81" I sent to you earlier.

cc: Messrs. Duloy, DRC; King, VPD; Stoutjesdijk, DED; Kavalsky, DED;  
Koch-Weser, AEA; Lim, AEA; P. Hasan, AENVP.

Enclosure  
BBalassa:nc

CABLE

DECEMBER 10, 1981

61991

MEHMET GUN CALIKA, MEBAN SECURITIES BROKERAGE, ODAKULE IS MERKEZI  
ISTIKLAL CADDESİ, <sup>256</sup> 204 BEYOGLU, ISTANBUL, TURKEY

THANK YOU FOR YOUR TELEX OF DECEMBER 8. PLEASE SEND COPY OF MY PRO-  
GRAM TO SHERATON HOTEL WHERE I AM ARRIVING SUNDAY NIGHT. REGARDS,  
BALASSA

BELA BBASSA

BELA BALASSA

BBalassa:nc

DRC - Director's Office

December 11, 1981.

Dr. E. S. Kirschen  
Université Libre de Bruxelles  
Département D'Economie Appliquée  
Avenue F.-D. Roosevelt 50  
1050 Bruxelles  
Belgium

Dear Dr. Kirschen:

In Mr. Balassa's absence, I enclose his curriculum vitae and  
list of publications.

Very truly yours,

Enclosures

Norma Campbell  
Secretary to Mr. Balassa



December 10, 1981.

Mr. John P. Hardt  
Congressional Research Service  
U.S. Congress  
Library of Congress  
10 First Street S.E.  
Washington, D.C. 20540

Dear Mr. Hardt:

I enclose my two latest papers on Hungary; the second will be given at the AEA meetings on December 30.

I hope that you will find the papers of interest. Any comments you may have will be appreciated. I have received a copy of Part I of East European Economic Assessment and would like to get Part II as well as similar publications.

Yours sincerely,

Enclosures

Bela Balassa

Enclosed: The Hungarian Economic Reform, 1968-81  
Reforming the New Economic Mechanism in Hungary

Mr. John H. Duloy, DRC

December 10, 1981.

Bela Balassa, DRC

J. Bhandari

I have reviewed several of Mr. Bhandari's papers and have also had an extended discussion with him. I am very much impressed by his abilities; he has indeed done a tremendous job for his age. I believe that Bhandari has the combination of a strong professional background together with an interest in problems of developing countries that would suit him for the DRC. In particular, he would be very useful in carrying out energy oriented macro work. I recommend that he be offered a position, if one is available.

BBalassa:nc



Mr. Hollis B. Chenery, VPD

December 10, 1981.

Bela Balassa, DRC

Paper on Hungary

In reference to our discussions, I enclose the preliminary draft of my "Reforming the New Economic Mechanism in Hungary." I will discuss the paper in Budapest on December 19-21 and will present it at the meetings of the American Economic Association on December 30th. This paper is a sequel to my "The Hungarian Economic Reform, 1968-81" I sent to you earlier.

cc: Messrs. Duloy, DRC; King, VPD; Stoutjesdijk, DED; Kavalsky, DED;  
Koch-Weser, AEA; Lim, AEA; P. Hasan, AENVP.

Enclosure  
BBalassa:nc



MR. Attila Karaosmanoglu, EM1

December 10, 1981.

Bela Balassa, DRC

Paper on Hungary

1. In reference to our discussions, I enclose the preliminary draft of my "Reforming the New Economic Mechanism in Hungary." I will discuss the paper on a private visit to Budapest on December 19-21 and will present it at the meetings of the American Economic Association on December 30th.

2. This paper is a sequel to my "The Hungarian Economic Reform, 1968-81" I sent to you earlier. Additional copies of the paper are available from my office for your staff who might need them.

cc: Messrs. Chaufournier, EMNVP; Dubey, EMNVP; Picciotto, EMP.

Enclosure  
BBalassa:nc

December 10, 1981.

Professor Richard Portes  
Department of Economics  
Birkbeck College  
University of London  
7-15 Gresse Street  
London W1P 1PA  
Canada

Dear Richard,

In response to your letter of November 16, I enclose two of my recent papers on Hungary. Your comments would be appreciated. Needless to say, I would be happy to get copies of your papers as well.

Yours sincerely,

Enclosures

Bela Balassa

Enclosed: Reforming the New Economic Mechanism in Hungary  
The Hungarian Economic Reform, 1968-81



December 10, 1981.

Dr. Philipp Rieger  
Workshop on East-West  
European Economic Interaction  
Vienna Institute for Comparative  
Economic Studies  
A-1103 Vienna  
P.O. Box 87  
Austria

Dear Dr. Rieger:

I am sorry to say that your invitation came too late. I have since accepted to present papers at two conferences which overlap your own.

Yours sincerely,

Bela Balassa

December 10, 1981.

Mr. J. de Larosiere  
International Monetary Fund  
700 19th Street N.W. 12-300C  
Washington, D.C. 20431

Dear Mr. de Larosiere:

Thank you for your kind letter. I hope that you may find my papers of interest.

I take the liberty of enclosing two additional publications. The first one contains, among others, a speech I gave at the Manila Congress of the International Chamber of Commerce two weeks ago. The second, examines adjustment to external shocks in developing countries.

Yours sincerely,

Enclosures

Bela Balassa

Enclosed: Development Centre Studies "The Balance of Payments Effects of External Shocks and of Policy Responses to these Shocks in Non-Opec Developing Countries."

La Croissance et l'entreprise



Mr. Vinod Dubey, EMNVP

December 10, 1981.

Bela Balassa, DRC

Hungarian Paper

I enclose a copy of the final version of my paper "The Hungarian Economic Reform, 1968-81." I would appreciate your clearing the paper for inclusion in the Staff Working Paper Series.

cc: Messrs. Duloy, DRC; Wright, VPD

Enclosure  
BBalassa:nc



# Record Removal Notice

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**Correspondents / Participants**  
Bayerische Vereinsbank  
  
Bela Balassa,

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December 10, 1981.

Professor Jagdish N. Bhagwati  
Columbia University  
Department of Economics  
New York, N.Y.

Dear Jagdish:

This is in response to your letter of November 5. As a careful reading of my letter of May 15th will show, I did not say that the author assumed expected trade flows to be zero. At the same time, the conclusion remains that the result the author has obtained, i.e. that in the event of identical factor endowment and in the absence of inter-industry specialization no trade will occur, is trivial. This is so obvious that it does not require proof. At the same time, the index of "revealed" comparative advantage requires only 'statistical' neutrality in the sense of contingency-table analysis, defined to mean that the weighted average of all indices is 1.

The alternative index added by the author in the revised version offers some interest. However, it is doubtful that in the absence of world production data on individual commodity categories, it will find practical application.

For the above reasons, I maintain my recommendation.

Yours sincerely,

Bela Balassa

December 9, 1981.

Professor Abram Bergson  
Harvard University  
Graduate School of Public Administration  
326 Littauer Center  
Cambridge, Massachusetts 02138

Dear Abe,

I enclose a copy of my paper "Reforming the Economic Mechanism in Hungary." While the paper is rather long, I will keep to my allotted time of fifteen minutes. Other copies of the paper will be sent to the participants at the session.

Yours sincerely,

Enclosure

Bela Balassa



DRC Staff

December 9, 1981.

Bela Balassa, DRC

Reprint Series, Working Papers, and Discussion Papers

We will prepare a submission to the Reprint Series in early January. Please send me 16 copies of papers you would like to have included in the Series, together with a short paragraph indicating its message to the developing countries and the Bank. The paper should be in a journal or collected volume; it is not necessary that publication has already occurred.

I would also like to urge you to submit papers for the World Bank Staff Working Paper Series. This Series includes papers that are of general interest for Bank staff and for people in developing countries as well. In turn, more technical papers can be included in the DRC Discussion Paper Series.

BBalassa:nc

December 9, 1981.

Mr. José da Silva Lopes  
Caixa Geral de Depositos  
Largo de Santa Catarina  
Lisbon  
Portugal

Dear Mr. Silva Lopes:

On Mr. Roy's visit to Turkey he was not able to obtain comments on your report. Mr. Ercel told him that he received only your letter but not the report.

I would very much like you to have joined us on the mission to Turkey to discuss the overall report. Unfortunately, however, the Division Chief for Turkey wants to keep down the number of people in the mission, and therefore, it is not possible to ensure your participation.

As regards Morocco, the mission planned for June will focus on tariff and tax issues and it will not have an expert on financial matters. I regret, therefore, that I cannot have the pleasure of your participation on the mission. I hope that we will have other occasions to work together.

Yours sincerely,

Bela Balassa



CABLE

DECEMBER 9, 1981  
61991

JOSE DA SILVA LOPES, CAIXA GERAL DE DEPOSITOS, LARGO DE SANTA  
CATARINA, LISBON, PORTUGAL

REGRET THAT JOINT MISSION TO TURKEY IS NOT POSSIBLE, LETTER SENT.  
REGARDS, BALASSA

BELA BALASSA

BELA BALASSA

DRC - Director's Office

BBalassa:nc

Mr. Larry Westphal, DED

December 9, 1981.

Bela Balassa, DRC

Remaining Research Assistant Funds

I would like to use the balance referred to in your memo of November 25 during the remainder of this fiscal year. I have been in touch with Jack Lowther on using part of the amount.

BBalassa:nc



December 9, 1981.

Professor J. Dirck Stryker  
Fletcher School of Law & Diplomacy  
Tufts University  
Medford, Massachusetts 01255

Dear Dirck,

I was interested in seeing the excellent volume Rice in West Africa you did with Scott Pearson and others. I am rather disappointed, however, that you have still not sent me your revised chapters. I would need these urgently so that I can put together the volume for publication.

I hope that you have received my letter of August 3 in which I commented on the Mali study that was sent from my vacation. Should this not have reached you, I can send you a copy.

Yours sincerely,

Bela Balassa

December 9, 1981.

Mr. Roy M. Davidson  
Economics and Statistics Department  
OECD  
2, rue André-Pascal  
75775 Paris CEDEX 16  
France

Dear Mr. Davidson:

Thank you for your letter of November 23. The Bank is doing work on matching industry and trade data in the developing countries. I sent your letter to Mr. Panoutsopoulos who is responsible for this work.

Yours sincerely,

Bela Balassa



December 9, 1981.

Mrs. Irma Adelman  
Department of Agricultural and Resources Economics  
University of California at Berkeley  
Berkeley, California 94720

Dear Irma:

I enclose in two copies the revised version of my paper for the Conference volume. I hope that you will have a positive response on the publication of the volume from the Chicago University Press.

Yours sincerely,


Enclosures

Bela Balassa

enc. The Hungarian Economic Reform, 1968-81.

## OFFICE MEMORANDUM

TO: DRC Staff

FROM: Bela Balassa, DRC 

SUBJECT: Reprint Series, Working Papers, and Discussion Papers

DATE: December 9, 1981.

We will prepare a submission to the Reprint Series in early January. Please send me 16 copies of papers you would like to have included in the Series, together with a short paragraph indicating its message to the developing countries and the Bank. The paper should be in a journal or collected volume; it is not necessary that publication has already occurred.

I would also like to urge you to submit papers for the World Bank Staff Working Paper Series. This Series includes papers that are of general interest for Bank staff and for people in developing countries as well. In turn, more technical papers can be included in the DRC Discussion Paper Series.

BBalassa:nc



December 9, 1981.

Mr. Suk Tai Suh  
Associate Professor  
Yonsei University  
College of Business and Economics  
Seoul 120  
Korea

Dear Mr. Suh:

Thank you for your letter of November 27 and for the two copies of your study you have sent me. I plan to read the study in the next two weeks and will provide you with comments in early January.

Yours sincerely,

Bela Balassa

Mr. Hollis B. Chenery, VPD

December 9, 1981.

Bela Balassa, DRC

Paper on Hungary

In reference to our discussions, I enclose the preliminary draft of my "Reforming the New Economic Mechanism in Hungary" I will discuss on a private visit to Budapest on December 19-21 and will present at the meetings of the American Economic Association on December 30th. This paper is a sequel to my "The Hungarian Economic Reform, 1968-81" I sent to you earlier.

cc: Messrs. Duloy, DRC; King, VPD; Stoutjesdijk, DED; Kavalsky, DED;  
Koch-Weser, AEA; Lim, AEA; S. S. Husain, AENVP; Jaycox, AEA;  
P. Hasan, AENVP;

Enclosure  
BBalassa:nc



Mr. Guy Pierre Pfeffermann, LCNVP

December 9, 1981.

Bela Balassa, DRC

Reprints

As I mentioned to you at our last meeting, I was sorry that the Editorial Committee did not see fit to include my paper "Policy Responses to External Shocks in Selected Latin American Countries" in the Reprint Series. This paper goes much beyond my summary papers in examining the policies followed in the three countries. I would not like to resubmit the paper to the Editorial Committee but you should feel free to raise the issue if you so wish.

Enclosures  
BBalassa:nc

Enclosed: Policy Responses to External Shocks in Selected Latin-American Countries  
(2 copies)

CABLE

DECEMBER 7, 1981  
61991

MR. PAULO NOGUEIRA, GETULIO VARGAS FOUNDATION  
PRAIA DE BOTAFOGO 190, RIO DE JANEIRO RJ, BRAZIL

PART I OF BRAZILIAN STUDY NOT RECEIVED. PLEASE SEND REPLACEMENT  
COPY. ANOTHER COPY SHOULD BE SENT TO ANN RICHARDS-LOUP. REGARDS,  
BALASSA

BELA BALASSA

BELA BALASSA

DRC - Director's Office

BBalassa-ne



ROBERTO FENDT JR., FUNDACAO CENTRO DE ESTUDOS DO COMERCIO EXTERIOR  
AV. RIO BRANCO 120, gr 707, RIO DE JANEIRO, BRAZIL

RECEIVED PART II OF BRAZILIAN STUDY COMMENTS FOLLOW. P.2 EXPLAIN  
MEANING OF FIGURE. P.3 FOR WHAT REASONS WERE TARIFF EXEMPTIONS GIVEN  
ON PETROLEUM? P. 12 INDIRECT TAX REBATES ARE NOT GENUINE SUBSIDIES  
AND SHOULD NOT BE INCLUDED IN THE COMPARISONS OF TARIFFS AND EXPORT  
SUBSIDIES. ARE THEY CONTAINED IN THE FIGURES? P. 13 THE QUOTE  
IMPORTER UNQUOTE SECTOR IS INTRODUCED IN THE TEXT BUT IS MISSING FROM  
FROM TABLE I.6. P. 1-4 TABLE I.6 SHOWS AN AVERAGE OF 35.9 PERCENT  
FOR COLLECTED TARIFF; IN ALL OTHER TABLES IT IS SHOWN AS 12.7 PER-  
CENT. WHAT ACCOUNTS FOR THE DISCREPANCY? AVERAGES OF LEGAL TARIFFS  
ALSO DIFFER. P.20 WHILE THE TEXT REFERS TO THE AGGREGATION OF TAR-  
IFFS AND EXPORT SUBSIDIES, TABLE III-3 AND III-4 SHOWS THESE  
SEPARATELY. P. 26 THE RESULTS BY TYLER DO NOT MAKE SENSE; THEY ARE  
LOWER THAN TARIFF COLLECTIONS AND THE TARIFF EQUIVALENT OF ADVANCED  
DEPOSITS, TAKEN INDIVIDUALLY. I DO NOT PLAN TO USE THEM IN THE  
PUBLISHED VOLUME. THE READER WOULD ONLY GET CONFUSED WITH THE  
DIFFERENT ESTIMATES, AND COMPARISONS WITH 1973 ARE NOT POSSIBLE.  
PP. 31-32 WHY WERE DIFFERENT VALUES OF ~~2~~ ASSUMED IN 1971 AND 1975?  
ALSO, WHICH VALUES WERE USED IN TABLE VI-3? P. 36 TABLE VII-2 MISS-  
CONT'D.

BELA BALASSA

BELA BALASSA

BBalassa:nc

DRC - Director's Office

CABLE

DECEMBER 7, 1981

61991

ROBERTO FENDT JR., FUNDACAO CENTRO DE ESTUDOS DO COMERCIO EXTERIOR

PAGE 2

ING. PLEASE SEND COPY IMMEDIATELY. PLEASE REPLY AT EARLIEST. ALSO  
SEND ANOTHER COPY OF YOUR STUDY TO MRS. ANN RICHARDS-LOUP. REGARDS,  
BALASSA

BELA BALASSA

BELA BALASSA

DRC - Director's Office

BBalassa:nc



CABLE  
26139

december 7, 1981  
61991

MR. SARAK TARA, ENKA HOLDING BINASI, BESIKTAS BALKUMCU  
ISTANBUL, TURKEY

RECEIVED YOUR LETTER OF NOVEMBER 2. WOULD LIKE TO MEET YOU ON  
DECEMBER 14 MONDAY IN ISTANBUL IF POSSIBLE. ASK ED CALIKA OF REBAN  
SECURITIES TO CONTACT YOU. REGARDS, BALASSA

BBalasse:nc

BELA BALASSA

BELA BALASSA

DRC - Director's Office

December 7, 1981.

Mr. Martin Wassell  
International Chamber of Commerce  
38 Cours Albert 1<sup>er</sup>  
75008 Paris  
France

Dear Martin,

I found the ICC Congress of much interest and am sorry not to have been able to stay for the last session.

There is also considerable interest at the Bank regarding the Congress. I have sent copies of the volume Growth and Entrepreneurship to the President of the Bank and to the Senior Vice Presidents. I would like to distribute further copies and would appreciate receiving ten copies of the English edition and six copies of the French edition. The volumes should preferably be sent air mail. I am copying this letter to Ms. Levieux who is responsible for ICC publications.

I have had some expenditures on taxis in Washington as well as on meals taken outside the hotel in Manila. If it is possible to reimburse me for these, please have a check sent to my home address, 2134 Wyoming Avenue N.W., Washington, D.C. 20008.

Yours sincerely,

Enclosure

Bela Balassa

cc: Ms. Levieux



Expenditures in connection with the Manila Congress.  
Bela Balassa

|                   |   |              |              |
|-------------------|---|--------------|--------------|
| <u>Washington</u> | taxi to airport   | 28.00        |              |
|                   | taxi from airport   | <u>28.00</u> | \$56.00      |
| <u>Manila</u>     | meals (lunches on November 24 and 25;<br>dinner on November 25) | 415 pesos    |              |
|                   | airport tax   | <u>25</u>    |              |
|                   |   | 440          | <u>55.00</u> |
|                   | Grand Total   |              | \$111.00     |

CABLE  
MBAN 23111

DECEMBER 7, 1981  
61991

MR. CALIKA, MBAN SECURITIES BROKERAGE AND FINANCE CORPORATION  
ODAKULE IS MERKEZI ISTIKLAL CADDESİ, 286 BEYOĞLU, ISTANBUL, TURKEY  
WILL ARRIVE IN ISTANBUL LATE SUNDAY NIGHT DECEMBER 13. PLEASE LET  
ME KNOW IF DINNER TO MEET WITH BUSINESSMEN AND BANKERS CAN BE  
ARRANGED ON DECEMBER 14 MONDAY. BANKER KOC WILL ARRANGE ANOTHER  
DINNER FOR ME TO WHICH HE INVITES PROFESSORS CILLER AND GOWENSAY.  
HAVE YOUR OFFICE ARRANGE MEETINGS FOR ME WITH MESSRS. SARAK TARA AND  
ECZACIBASI ON MONDAY DECEMBER 14. WILL HAVE EARLY MORNING MEETING  
AT TSKB AND PLAN ON MEETING WITH ALI KOCMAN ON THE SAME DAY. YOUR  
URGENT REPLY REQUESTED. REGARDS, BALASSA

BELA BALASSA

BELA BALASSA

DRC - Directors Office

BBalassa:nc



December 4, 1981.

Mr. Rahmi M. Koc  
Chief Executive Officer  
Koc Holding A.S.  
Findikli 53  
Istanbul  
Turkey

Dear Mr. Koc:

It was a pleasure meeting you and I look forward to seeing you in Istanbul. I enclose a copy of my paper on Turkey as well as my culinary guide for Paris. I will be in touch with you by telex or by phone.

With best regards,

Sincerely yours,

Enclosures

Bela Balassa

Enclosed The Policy Experience of Newly Industrializing Economies  
After 1973 and the Case of Turkey  
Culinary Guide

**OFFICIAL FILE COPY**

December 4, 1981.

Messrs. Marton Tardos, Janos Kornai and Andras Nagy  
Institute of Economics  
Hungarian Academy of Sciences  
1502 Budapest  
Postafiek 262  
Budapest XI., Budaosi ut 43/45  
Hungary

Dear friends:

I enclose a copy of the paper on the 1980-81 reforms I have prepared for the meetings of the American Economic Association, to be held on December 28-30. I would very much like to have your reactions to the paper on the occasion of my visit to Budapest later this month.

I am sending additional copies to Marci in the event that other people at the Institute are interested in the paper. Perhaps we could have a small informal meeting on Monday, December 22nd at the Institute.

Looking forward to seeing you, I remain,

Yours sincerely,

Enclosures

Bela Balassa

P.S. I also enclose a revised version of my review paper on the New Economic Mechanism.

Tardos - Enclosures - The Hungarian Economic Reform, 1968-81 and Reforming the  
New Economic Mechanism in Hungary

Kornai - Enclosures - same

Nagy - Enclosures - same

Tardos - three extra copies of Reforming the New Economic Mechanism in Hungary  
was sent under separate cover.

**OFFICIAL FILE COPY**



December 4, 1981.

Prof. Dr. Jozsef Bognar  
Institute for World Economics of the  
Hungarian Academy of Sciences  
H-1531 Budapest P.O. Box 36  
Hungary

My dear friend,

I enclose a copy of the paper on the 1980-81 reforms I have prepared for the meetings of the American Economic Association, to be held on December 28-30. I would very much like to have your reactions to the paper, so that I can correct any errors, in fact, or in the argumentation.

As I mentioned in my letter of November 20th, I would like to have the opportunity to meet with Mr. István Hetény on Monday, December 20th. Also, I would like to see Mr. Tomás Bácskai if your secretary would be so kind as to arrange a meeting with him. I am sending you two additional copies of the paper under separate cover for them.

Looking forward to seeing you, I remain,

Yours sincerely,

Bela Balassa

Enclosed: Reforming the New Economic Mechanism in Hungary

Two extra of the above were sent under separate cover.

**OFFICIAL FILE COPY**

December 4, 1981.

Professor Iván T. Berend  
K. Marx University of Economics  
1093 Budapest Dimitrov tér 8  
Hungary

Dear Iván,

This time I am writing in English to ensure that the letter reaches you on time. I am arriving in Budapest on December 19, Saturday morning and would like to have the opportunity to see you. Please tell my father (352-261) if you could meet me Saturday in the late afternoon hours.

I enclose a copy of a paper on the 1980-81 reforms I have prepared for the meetings of the American Economic Association, to be held on December 29-30. I would very much like to have your reactions. I also enclose the revised version of my earlier paper.

Carol joins me in sending our best regards to both of you.

Sincerely,

Enclosures

Bela Balassa

P.S. Thank you for your letter of November 10th that arrived recently.

Enclosed - Reforming the New Economic Mechanism in Hungary and The Hungarian Economic Reform, 1968-81

**OFFICIAL FILE COPY**



December 4, 1981

Dr. Bela Csikos-Nagy  
President  
Hungarian Economic Association  
1370 Budapest Pf. 544  
Hungary

My dear friend,

Thank you for your letter of November 16th concerning the proposed seminar. We could discuss this further on my visit to Budapest later this month. My father will contact you to find out if you would be free for lunch on December 20th, Sunday.

I enclose a copy of the paper on the 1980-81 reforms I have prepared for the meetings of the American Economic Association, to be held on December 28-30. I would very much like to have your reactions to the paper, so that I can correct any errors, in fact, or in the argumentation.

Looking forward to seeing you, I remain,

Yours sincerely,

Bela Balassa

P.S. I also enclose a revised version of my earlier review paper on the New Economic Mechanism.

Enclosed: The Hungarian Economic Reform, 1968-81 and Reforming the New Economic Mechanism in Hungary

December 4, 1981.

Mr. Otto Gadó  
Tarnok u.13  
Budapest 1014  
Hungary

My dear friend,

I enclose a copy of the paper on the 1980-81 reforms I have prepared for the meetings of the American Economic Association, to be held on December 28-30. I would very much like to have your reactions to the paper, so that I can correct any errors, in fact, or in the argumentation.

My father will contact you to find out if you would be free to meet me for breakfast on December 20th, Sunday, as we did it last January.

Yours sincerely,

Enclosure

Bela Balassa

P.S. I also enclose a revised version of my earlier review paper on the New Economic Mechanism.

Enclosed: Reforming the New Economic Mechanism in Hungary and The Hungarian Economic Reform, 1968-81

**OFFICIAL FILE COPY**



## OFFICE MEMORANDUM

TO: Research Committee

FROM: Bela Balassa, DRC

SUBJECT: Evaluation of Completed Research Project:  
Distributive Impact of Public Expenditures  
(RPO 670-96)

DATE: December 3, 1981

1. A panel consisting of Messrs. B. Balassa (DRC) Chairman, N. Carter (LC2), P. Isenman (WAI), P. Knight (PPR), and El Serafy, (OED), met to evaluate the completed research project, Distributive Impact of Public Expenditures (RPO 670-96). Present at the meeting were also J. Meerman, M. Selowsky and C. Wallich.
2. The Panel had at its disposal the following documents.
  - (a) Research Proposal dated September 10, 1973;
  - (b) Panel Review Memo dated October 9, 1972;
  - (c) Research Committee Decision Memo dated October 29, 1973;
  - (d) Progress Report dated April 10, 1974;
  - (e) Panel Review Memo dated May 16, 1974;
  - (f) Research Committee Decision Memo dated June 21, 1974;
  - (g) Research Committee Decision Memo dated November 12, 1974;
  - (h) Completion Report with attachments dated May 8, 1979;as well as sundry memos relating to the project.
3. The panel reviewed the publications resulting from the research project, in particular
  - (a) J. Meerman, Distribution of Public Expenditures in Malaysia - Who Benefits and Why, London: Oxford University Press, 1979.
  - (b) M. Selowsky, Who Benefits from Government Expenditures: A Case Study of Colombia, London: Oxford University Press, 1979.
4. There was a consensus among panel members that this was a well-designed research project that fulfilled its major objective at a relatively low cost. The panel has considered the two high-quality books produced by the project as effective means of dissemination to an academic audience and has examined possible ways for further dissemination within the Bank and to developing countries. Summary observations, with reference to the Evaluation Guidelines follow.



A. Objectives, Strategy and Results

5. The research objectives stated in the original submission were: "(i) to determine to what extent and by what modes public expenditures redistribute income; (ii) to assess how public expenditures can be best used to redistribute income." It was originally expected to undertake a pilot study for one country, to be "complemented by a policy-oriented analysis of the public expenditures in question with a view to determining their distributive effectiveness."

6. In the event, two country studies (Malaysia and Colombia) were carried out, providing a thorough analysis of the distributional effects of public expenditures. The studies have not been able, however, to address the second question raised in the original submission by reason of the intrinsic difficulties of the problems involved.

B. Design

7. The studies were well-designed and provided a rigorous analysis of the distributive impact of public expenditures. The methodology developed in the framework of the studies permits their replication elsewhere.

8. The experience of the studies showed the problems related to the availability and the reliability of data for indicating the distributional effects of public expenditure. The data problems were largely overcome and both studies were able to examine expenditures on education, medical care, as well as electricity, water, and sewage disposal.

C. Organization

9. The research was carried out according to expectations and suffered no more than normal delays. There was close cooperation with the governments of the countries studied. Bank Regional Offices were kept informed as work progressed and the results provided a useful input into WDR 1980. The participation of developing country research institutes was not envisaged but useful contacts were maintained with researchers in the two countries. Finally, expected cooperation with developed country institutes did not materialize as their work was completed before the research commenced.

B. Dissemination

10. Dissemination took the form of publication of two books, reporting on the results of the individual country studies, and several journal articles. The Panel suggested the consideration of a further dissemination effort in regard to developing countries as well as the Bank.

11. As far as developing countries are concerned, it would seem desirable to write an article comparing the results of the two studies, examining the usefulness of carrying out similar studies for other countries, and indicating the applicability of the methodology as well as its data requirements. Also, the authors should be ready to provide advice on methodology if applications in other countries are envisaged.



12. As for the Bank, the Panel considered at some length the issue of how the research findings could be communicated to program and to project economists, so as to indicate their relevance for Bank operations. It was suggested that 1-2 page summaries of the relevant research results could make these accessible to specialized audiences (e.g., project officers working on education, health, or public utilities). Attention was further given to the possibility of organizing small workshops to discuss implications for program and project work in specialized areas. This is a more general issue, however, for the Research Committee that transcends the research project under review.

cc and cleared with Messrs. Carter, EM2; Iserman, WA1; Knight, PPR; El Serafy OED;  
cc: Messrs. Stoutjesdijk, DED; Kavalsky, EM1; Selowsky, DED; Meerman, WANVP;  
Acharya, VPD;  
Ms. Wallich, VPD.

BBalassa:nc