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Folder Title: Bela Balassa's chron files - Febraury 1982

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Date: 2/1/1982 – 2/28/1982

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Series: Reading File of Bela Balassa

Sub-Fonds: Records of the Office of the Vice President, Development Economics and Chief Economist and later Senior Vice President, Development Economics and Chief Economist (DECVP)

Fonds: Records of the Office of the Chief Economist

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THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
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FEBRUARY

1982

The World Bank Group
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30225141

R1991-086 Other #: 5

10/20/82

Bela Balassa's chron files - February 1982

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WBG Archives

B. BALASSA CHRON FILE FEB 1982

February 18, 1982.

Mr. Laurent Minko-Bengone
Primature
Le Conseiller Economique
et Financier
Libreville
Gabon

Dear Mr. Minko-Bengone:

In response to your letter of February 2nd, I am sending you under separate cover several of my publications on development that have been translated into French.

Yours sincerely,

Bela Balassa

Enclosed: ~~Revue Economique - Aspects de la crise~~
~~Les Etats-Unis dans l'economie mondiale~~
Incitations et performance a l'exportation dans les pays en developpement
L'ajustement aux chocs externes des economies des pays en voie de developpement

Mr. Jean Baneth, EPD

February 26, 1982.

Bela Balassa, DRC

World Tables

In reference to our conversation, I would like to ask you to air mail a copy of the 1980 edition of the World Tables to Mr. Diawara, President of the Club de Dakar. The tables will be used in undertaking a study of West African integration by the Club de Dakar. There will be further requests from them for updated tables.

Mr. Mohamed T. Diawara, President du Club de Dakar 4, avenue Hoche
75008 Paris, France.

BBalassa:nc



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982	Barcode No. 30225141
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Document Date Feb 26, 1982	Document Type Letter
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Correspondents / Participants
 To : Forecasts & Strategies, Phillips Publishing, Inc.
 From : Bela Balassa

Subject / Title
 Cancelling a Subscription

Exception No(s).

1
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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
 Financial Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date Jun 5, 2014
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Mrs. Christine Wallich, VPD

February 26, 1982

Bela Balassa, DRC

Review Panel: "Problems of Liberalization:
Argentina, Chile, Colombia, Uruguay"

1. A panel comprising Messrs. B. Balassa (DRC), Chairman, F. Levy (LC2), A. Gelb (DRC), J. Shilling (EPD), P. Meo (LC1), and K. Ikram (PPA) has been set up to review the above named proposal. The panel met on Thursday, February 25th. While Messrs. Meo and Ikram were not able to participate at the meeting, they have been contacted by telephone.
2. The panel has unanimously agreed on the need to provide an analytical history for the liberalization experiment in Uruguay. It does not however, favor this for Colombia, given its rather different history of liberalization than the countries of the Southern Cone.
3. The panel has further concluded that the time elapsed is too short to estimate the benefits of liberalization. As regards the costs of liberalization, the panel has not favored going ahead with proposed work on labor markets.
4. The panel is split on the question of undertaking an analysis of the interaction of exchange rates, interest rates capital flows and inflation. Some members of the panel favor this as they consider it to be an important and empirically tractable problem of considerable policy relevance for the developing countries and operational relevance for the Bank. Several panel members are more dubious, however, largely because they have questions about the appropriateness of the proposed model. The proponents of research on the subject also feel that a further elaboration of the model would be in order in particular, of the way in which policy regimes and expectation formation are to be treated.
5. Finally, the panel members have queried the relationship between the proposed research and that on "Liberalization with Stabilization in the Southern Cone" submitted by Corbo and de Melo. While the analytical history for Uruguay will be necessary for the latter research project, there is an overlapping as far as the study of the interaction of exchange rates, interest rates, capital flows, and inflation is concerned.

cc: and cleared with Panel Members

BBalassa:nc

OFFICE MEMORANDUM

TO: Mrs. Christine Wallich, VPD
FROM: Bela Balassa, DRC
SUBJECT: Review Panel: "Problems of Liberalization:
Argentina, Chile, Colombia, Uruguay"

DATE: February 26, 1982

DRAFT for Comments

1. A panel comprising Messrs. B. Balassa (DRC), Chairman, F. Levy (LC2), A. Gelb (DRC), J. Shilling (EPD), P. Meo (LC1), and K. Ikram (FPA) has been set up to review the above named proposal. The panel met on Thursday, February 25th. While Messrs. Meo and Ikram were not able to participate at the meeting, they have been contacted by telephone.
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cc: and cleared with Panel Members

BBalassa:nc

February 26, 1982

Mr. C. Elton Hinshaw
American Economic Review
1313 21st Avenue So., Suite 809,
Nashville, Tennessee 37212

Dear Sir:

I just received the March 1982 issue of the American Economic Review. Pages 93 to 124 are repeated twice in the issue and pages 125 to 156 are missing. Please send me a replacement copy.

Yours sincerely,

Bela Balassa

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mrs. Christine Wallich, VPD
FROM: Bela Balassa, DRC DRAFT for Comments
SUBJECT: Review Panel: "Problems of Liberalization:
Argentina, Chile, Colombia, Uruguay"

DATE: February 26, 1982

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cc: and cleared with Panel Members

BBalassa:nc

Mr. Rene Vours, EM2

PERSONAL

February 25, 1982.

Bela Balassa, DRC

DECLASSIFIED

JUN 05 2014

WBG ARCHIVES

Tunisia Visit

As I mentioned to you on the phone, I would very much appreciate it if you could buy me the following on your trip to Tunisia:

1. I enclose a fragment of a ring I bought for my daughter at the Tunis airport in a small store on the second floor after checking in for home. It costs two or three dinars. If you cannot get the same color, blue would be fine and green would be acceptable.
2. I bought some excellent cheeses on my way home at the Charles De Gaulle airport in the dutyfree area after passing passport control. One of these was a Reblochou Fermier; the other a Crottin de Chaignol. The latter we served sautéed; it was excellent and you may even get me two packages (three small pieces each) as it lasts a long time.

Many thanks in advance.

Enclosure
BBalassa:nc

Monsieur Henri Konan Bedie
President de l'Assemblée Nationale
B.P. 1381
Blvd. de la République
Abidjan, Cote d'Ivoire

Dear Mr. President:

My wife and I very much appreciate your wishes for Christmas and the New Year and wish to reciprocate this with all our heart. We have remembered ~~written~~ in you and Madame Bédié in our good memory.

I take the liberty of sending you under separate cover a few of my recent papers that may be of interest to you. Two of them deal with the French economy before the recent political change; the remainder concern developing countries.

Yours sincerely,

Bela Balassa

Enclosed: Revue économique - Spécialisation internationale et crise
Commentaire - Numéro 11/Automne 1980 - L'économie française:
Enjeu et perspectives
Revue économique - Aspects de la crise
OECD - Les effets exercés sur la balance des paiements par les
chocs extérieurs et les mesures prises pour y répondre

Le 25 février 1982

Monsieur le Président,

Ma femme et moi avons été très sensibles aux voeux de Noël et du Jour de l'An que vous nous avez adressés et, à notre tour, nous vous souhaitons très sincèrement une bonne et heureuse année. Nous évoquons toujours avec plaisir les moments passés avec Mme Bédié et vous.

Je me permets de vous envoyer sous pli séparé certaines de mes plus récentes études qui pourraient vous intéresser. Deux d'entre elles ont traité à l'économie française avant que le nouveau gouvernement n'ait pris la relève; les autres portent sur les pays en développement.

Je vous prie de croire, Monsieur le Président, à mes sentiments les plus distingués.

Enclosed: ~~Revue économique~~ ~~Revue économique~~ ~~Revue économique~~ ~~Revue économique~~
Revue économique - Internationalisation internationale et crise
Commentaire - Numéro 11/Automne 1980 - L'économie française:
Enjeu et perspectives
Revue économique - Aspects de la crise
OECD - Les effets exercés sur la balance des paiements par les chocs extérieurs et les mesures prises pour y répondre

Monsieur Henri Konan Bédié
Président de l'Assemblée nationale
B.P. 1381
Boulevard de la République
Abidjan (Côte d'Ivoire)

February 25, 1982.

Publications
International Monetary Fund
Washington, D.C. 20431

Dear Sir:

I would like to order the five most recently published Occasional Papers, including Occasional Paper No. 8 as a package at the special price of \$12.00. Please mail it to the above address. My check for \$12.00 is enclosed.

Yours sincerely,

Enclosure

Bela Balassa

1 1 61991

MR. JEAN L. WAELBROECK, 12 AVENUE DE L'OREE
1050 BRUSSELS, BELGIUM
INVITING YOU FOR LUNCH ON FRIDAY MARCH 5TH. REGARDS, BALASSA

CABLE

2/25/82

BELA BALASSA

Bela Balassa

DRC - Director's Office

BBalassa:nc



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982	Barcode No. 30225141
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Document Date Feb 25, 1982	Document Type Letter
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Correspondents / Participants
To : Riggs National Bank
From : Bela Balassa

Subject / Title
Credit due to Mr. Balassa

Exception No(s).

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Reason for Removal
Financial Information

Additional Comments

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Withdrawn by Chandra Kumar	Date Jun 5, 2014
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Feb 25/82

Mr. Mohamed T. Diawara
President du Club de Dakar
4, avenue Hoche
75008 Paris
France

Dear Mr. President:

I have asked Mr. Jean Baneth to send you a copy of the World Bank publication, World Tables, that was published in 1980. Mr. Baneth could send you updated tables if you indicate which ones ~~that~~ may be of interest for the study on African economic integration the Club de Dakar is carrying out. In turn, the Balance of Payments yearbook could be obtained from the International Monetary Fund. I presume that there are copies in the Paris office.

Mr. de Azcarate, the Chief Economist of the Bank's West Africa region tells me that it would be possible to send you the latest Bank economic reports dealing with the countries to be covered in your study. Please let me have the list of countries by cable.

Yours sincerely,

Bela Balassa

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

I have just received your letter of February 11th.
I have not yet been able to obtain reactions to
your investment guarantee proposal as Mr. Walser
has been out of town.

Le 25 février 1982

Monsieur le Président,

J'ai demandé à M. Jean Baneth de vous envoyer un exemplaire du document intitulé "World Tables" publié par la Banque mondiale en 1980. Si vous nous indiquez les tableaux qui peuvent vous être utiles pour l'étude sur l'intégration économique africaine entreprise par le Club de Dakar, M. Baneth pourra vous en faire parvenir les versions mises à jour. Quant à l'annuaire sur les balances des paiements, il peut être obtenu auprès du Fonds monétaire international, et le Bureau de Paris du FMI en possède probablement des exemplaires.

M. de Azcarate, économiste en chef du Bureau régional Afrique de l'Ouest de la Banque, m'a signalé qu'il serait possible de vous envoyer les derniers rapports économiques de la Banque portant sur les pays visés dans votre étude. Je vous invite donc à me communiquer par télégramme la liste de ces pays.

Veillez agréer, Monsieur le Président, l'assurance de ma considération distinguée.

Bela Balassa

P.S. Je viens de recevoir votre lettre du 11 février. M. Walser étant absent, je ne connais pas encore ses réactions à votre proposition d'un fonds de garantie des investissements.

Monsieur Mohamed T. Diawara
Président du Club de Dakar
4, avenue Hoche
75008 Paris (France)

February 24, 1982.

Dr. Jorge Cauas
President
Bank of Santiago
Casilla 14437
Santiago
Chile

Dear Jorge,

I am sorry to say that I will not be able to come to Chile in the week starting April 19th. This is because my classes end that week and I cannot be absent from Hopkins.

In my letter of November 6th, in which I first suggested the last week of April for my visit, I added that ~~we~~ we could also find an alternative in May if the late April date is not convenient." Not having received an answer from you, I have, in the meantime, committed myself to go to Portugal and China in May.

In order to reduce the number of iterations, I suggest that we speak on the phone. I will try to call you at your office next Monday. If I do not reach you, perhaps you could call me on Thursday or Friday when I am at the Bank. My number is (202) 676-1991.

Yours sincerely,

Bela Balassa

February 24, 1982.

Mr. John Williamson
c/o Carnegie Endowment
for International Peace
11 Dupont Circle N.W.
Washington, D.C. 20036

Dear John,

As it happens, I haven't had the chance to start working on the paper. Could you please give me a call on your arrival on March 1st and tell me what your notes say.

Yours sincerely,

Bela Balassa

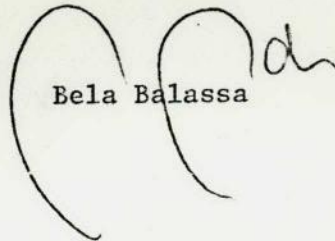
2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 24, 1982

U. S. Department of Commerce
Bureau of Economics

Dear Sir:

I would appreciate your sending me a copy of your study on Incentives to American Investors Abroad that was referred to in the December 12/81 issue of the Economist. I enclose a xerox copy of the relevant article.

Yours sincerely,


Bela Balassa

Bait for multinationals

Rich and poor countries alike dangle investment incentives in front of multinational companies. Many of the same countries also try to hem in foreign investors with tight rules on, eg, the amount they export or how much they buy locally. These carrots and sticks now apply to thousands of multinational subsidiaries and have a powerful effect on flows of investment and trade.

America's commerce department has done probably the most comprehensive study of how multinationals have been cajoled by governments. Its figures are based on a survey in 1977, but worth a look because the growth of protectionism since then has intensified competition for, and controls on, multinationals' investments. The commerce department's study got answers from all 23,641 foreign subsidiaries of American companies (excluding banks both as parents and offspring). It found that

- 26% of these firms had received at least one incentive to invest (see table). Another 20% were offered tax breaks, 8% got tariff concessions and 9% were paid investment subsidies. But these sweeteners were often part of a country's broader policy: only one in five used incentives restricted to foreign companies. Rich and poor countries were, on average, equally willing to make concessions, although developing countries offered tariff cuts rather than cash.

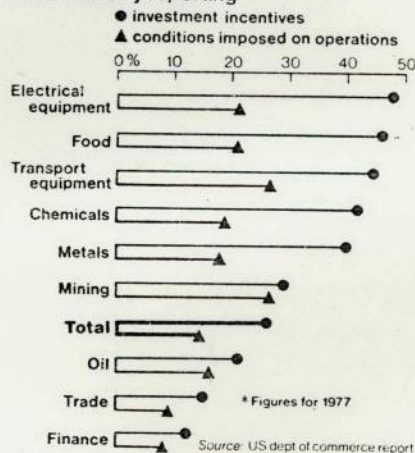
- Some countries were much more lavish with incentives than others. Ireland gave one or more incentives to 70% of the American companies working there, South Korea to 53%. Israel, Taiwan and Brazil offered concessions to around

40% of American investors. Developed countries such as Britain, Spain, Sweden and Australia gave incentives to roughly one third of American subsidiaries. Japan (9%) and Canada (19%) were less generous. Hongkong justified Milton Friedman's enthusiasm by giving incentives to only 5% of American companies investing there.

- 14% of American companies abroad had to make at least one pledge (eg, on export sales) about how they would operate their subsidiary (see table). Developing countries were most insistent, usually about the share of jobs going to local people. Only 2% of American companies in the survey had to promise to export a certain amount of what they produced. Most governments, however,

Temptations

% of American overseas subsidiaries in each industry reporting*-



made multinationals bend to the same rules as their own companies.

South American governments were stricter. With the exception of Argentina, all asked for performance pledges from at least one third of American investors. Peru and Venezuela on over half of them. India slapped restrictions on 60% of American companies there, although it has now relaxed its rules.

Among developing countries, only Hongkong and Singapore were happy to let multinationals run their own show without interference.

- Manufacturing companies, which create the most jobs, got the most incentives: two fifths of all American manufacturing subsidiaries abroad received handouts. In important industries (eg, electrical equipment, cars, trucks) the proportion was closer to a half. Yet these firms were also among those most likely to be asked for pledges on how they operated. Industries which governments thought were worth enticing were also those they wanted to control.

Some governments were keener on controls than incentives, among them Portugal, Turkey, Peru and Venezuela. In Singapore, South Korea and Taiwan, however, American subsidiaries given incentives far outnumbered those restricted by the government.

But the incentives are not always enough. The survey shows that 10 of the 12 countries most favoured by American multinationals offered only modest investment incentives but imposed few restrictions.

A lesson for the protectionists? Probably not, because those 10 countries are all rich, developed economies. Brazil and Mexico were the only developing countries among the top dozen recipients of America's direct investment overseas at the time of the survey.

way in the three years that the programme has run. The aim was to scrap 4m tons by 1983.

Shipowners are keener on cheap government loans for building new ships to carry oil and gas. In 1980 the Japan Development Bank lent about \$605m at 3-3.5% below market rates to owners of Japanese flag ships. This subsidised the building of 317,000 tons of liquefied natural gas carriers and 1.5m tons of other energy transporters. The Japan Development Bank lent another \$544m in January-July, 1981, towards the construction of over 1m tons of new fuel carriers.

Despite the subsidies, Japan still has a big deficit on its shipping. In 1980 the Japanese spent \$3.3 billion more on shipping than shipowners earned—only slightly less than 1979's \$3.4 billion deficit.

Shipowners are still forfeiting subsidies and switching to foreign flags, to avoid the cost of Japanese crews. In 1969 83%

of Japanese-owned ships flew the Japanese flag. By 1980 that fell to 51%. Next year subsidies will be cut and the lure of flags of convenience will grow stronger.

Greece offers its shipowners no subsidies. But instead of losing ships to flags of convenience, the Greek fleet had until lately been winning them back. Greek crews are getting dearer, but the government allows shipowners to use cheaper foreign seamen for up to 25% of their crews. By pleading a shortage of Greek seamen, Greek shipowners may often employ more than the legal 25% maximum of foreign labour. Greek shipowners are now scared that the new socialist government may require all-Greek crews on Greek flag ships.

The Greeks have been hit hard by the slump in freight markets. They have little trade of their own to carry and have always depended on ferrying cargoes between other countries. Growth in world trade has almost halted this year, so

demand for their services has shrunk. Rates for tramp freighters, the bulk of the Greek fleet, are the lowest for over two years. The tonnage of Greek shipping laid up quadrupled in the first eight months of 1981 to 4.8m grt.

ASEA

Robots pull the switch

VÄSTERÅS, SWEDEN

A young, American-trained boss and a booming world market for robots is shaking ASEA, Sweden's sleepy electricals group, out of its long profits doze. When 40-year-old Mr Percy Barnevik landed the managing director's job last year the conservative Swedish business establishment blinked. Mr Barnevik, an economist, came from the tool company Sand-

I have a high regard for Berlinski's ability and consider this an extremely important project. In fact, Argentina provides a perfect laboratory to examine adjustment to non-marginal changes in policies. At the same time, I would suggest that Berlinski ~~de-~~emphasize the effects of changes in relative factor prices that will be observed over a long period. In turn, emphasis should be given to bankruptcy as an "adjustment mechanism" and the adverse effects of the overvaluation of the exchange rate on exports.

February 22, 1982.

Mr. Pedro Sampaio Malan
Instituto de Planejamento
Economico e Social
Av. Presidente Antonio Carlos, 51
150 andar - Sala 1.506
CEP-20020 - Castelo - RJ
Rio de Janeiro
Brazil

Dear Mr. Malan:

Thank you for your suggestion concerning Mr. Fioravante. I have written him the enclosed letter and I hope that you can support the publication of the book in Portuguese.

I am writing to you now to ask your permission to include in the Bank's Reprint Series the Portuguese edition of my paper "The Newly-Industrializing Countries after the Oil Crisis" that appeared in 1981 April issue of the *Pesquisa e Planejamento Economico*. We have earlier included in the Reprint Series the Portuguese edition of my paper on Brazil that appeared in *Pesquisa e Planejamento Economico*.

Yours sincerely,

Enclosure

Bela Balassa

Mr. Everardus J. Stoutjesdijk, DED

February 22, 1982.

Bela Balassa, DRC

Seminar by Mr. Rezso Nyers

In agreement with Mr. Karaosmanoglu, I would like to invite Mr. Nyers to give a seminar at the Bank on March 29, Monday. Mr. Nyers is a former finance minister and director of the Hungarian Economic Institute. He is one of the most important figures associated with the Hungarian economic reform.

Mr. Nyers will deliver a paper at a Conference on Hungary to be held at Bloomington, Indiana on March 23. The topic of his talk is "International Aspects of the Hungarian Economic Mechanism." He would give the same talk at the Bank.

Given his status, Mr. Nyers should receive a generous honorarium. He should also be sent an open ticket, Kansas City-Washington-New York to the following address:

c/o Mr. Paul Marer
International Business
School of Business, Bloomington/Indianapolis
Indiana University
10th and Fee Lane
Bloomington, Indiana 47405

Finally, he should be put up on the night preceding his seminar.

BBalassa:nc

February 22, 1982.

Professor Friedrich Levcik
Director
The Vienna Institute for Comparative
Economic Studies
Postfach 87
A1103 Wien
Austria

Dear Professor Levcik:

Thank you for your letter of January 13th concerning Ms. Gabriele Tuitz. I am sorry to say, that, for lack of space we cannot receive her for several weeks at the Johns Hopkins University as you have requested. I will be happy to see her, however, if she comes for a visit during her stay in the United States. I herewith return her personnel file.

Yours sincerely,

Enclosure

Bela Balassa

THE WORLD BANK
REQUEST FOR TRANSLATION SERVICES

Please see instructions on reverse side.

CONTROL NO.: (For use of
Language Services Division)

DEPARTMENT: DRC	REQUESTED BY: Bela Balassa	ROOM NO.: I6-158	EXTENSION: 61991
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DATE NEEDED: (Check one box)

Within 1 week Within 3 weeks

Within 2 weeks Other * 48 hours
(Give specific date needed)

* See 1(a) and 1(b) on reverse side.

(a) For routine translations into French and Spanish, see lead times given in Administrative Manual Statement No. 2.30.

(b) For all other translations, see reverse side.

TEXT TO BE TRANSLATED: (Identify clearly) Letter to Mr. Diawara	NO. OF PAGES: 1
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PERSON TO CONSULT: (If other than originator) Bela Balassa	EXTENSION: 61991	LANGUAGE TO BE TRANSLATED FROM: English	LANGUAGE TO BE TRANSLATED INTO: French
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TYPE OF SERVICE REQUIRED: (Check one)

1. Full Translation 2. Summary or Abstract

BACKGROUND MATERIAL PROVIDED: (List background material provided, e. g., pertinent reports or correspondence)

Discard after use Return to originator

If assistance is needed in selecting portions of texts to be translated, or if oral translation is required, call the appropriate section of Language Services Division.

SPECIAL INSTRUCTIONS:

for Mr. Balassa to check

Letter to be typed in draft, double space, before being dated and typed in single space

DATE SIGNED: 2/22/82	SIGNATURE OF DIVISION CHIEF OR ABOVE: (Before signing, please see checklist on reverse side) Bela Balassa
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Section below for use of Language Services Division

DATE AND TIME RECEIVED IN TRANSLATION SECTION:	DATE DESPATCHED TO ORIGINATOR:
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DESCRIPTION OF WORK	DATE BEGUN	DATE COMPLETED	INITIALS
Translation			
Draft typing			
Revision/Review			
Final Typing			
Proofreading			
Number of pages out			

Mr. Mohamed T. Diawara
President du Club de Dakar
4, avenue Hoche
75008 Paris
France

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Mr. de Azcarate, the Chief Economist of the Bank's West Africa region tells me that it would be possible to send you the latest Bank economic reports dealing with the countries to be covered in your study. Please let me have the list of countries by cable.

Yours sincerely,

Bela Balassa

February 22, 1982.

Professor Raymond Courbis
University of Paris-X-Nanterre
2, rue de Rouen
92001 Nanterre
France

Dear Professor Courbis:

Thank you for your letter of December 23rd and for the reprint of your recent article. I have not yet received, however, the volume of the Colloque de Bruxelles.

I follow your work with interest and I hope that we will have the opportunity to meet again in the not too distant future.

Yours sincerely,

Bela Balassa

February 22, 1982.

UNIPUB
345 Park Avenue South
New York, New York 10010

Dear Sir:

I would like to order a copy of GATT International Trade 1980/81.
Please send the publication to me together with your bill at the above
address.

Yours sincerely,

Bela Balassa

February 22, 1982.

Dr. Mukerrem Hic
Professor of Economics
Istanbul University
Faculty of Economics
Institute of Economic Development
Istanbul
Turkey

Dear Dr. Hic:

Thank you for your letter of February 10th that contained an addendum to your progress report dated January 10, 1982. I have in the meantime sent a telegram to Mr. Akturk with copy to you asking his agreement for dropping the 1980 data.

I have also discussed the financial issues with Mr. Gassman who promised that it will be done to your satisfaction.

In your progress report you noted the difficulties encountered with some of the firms. It has been our practice in the past to drop firms who have not cooperated or who have not provided all the necessary data. You will have to do the same, since it is better to have fewer firms with complete data than a larger number of firms with incomplete information.

With best regards,

Sincerely yours,

Bela Babassa

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 22, 1982

Kultura
Hungarian Foreign Trading Company
P.O.B. 149
1389 Budapest 62
Hungary

Dear Sir:

I would be interested in subscribing to some additional journals. Please give me quotations on the following and if possible send me a sample issue.

KULGAZDASÁG (Foreign Economy)
TÁRSADALMI SZEMLE (Social Review)
VALÓSÁG (Reality)
KÉTI VILÁGGAZDASÁG

Yours sincerely,

Bela Balassa

Ms. Maureen Moore, Jt. Library

February 22, 1982.

Bela Balassa, DRC

Publications

I own a full set of Abstracts of Hungarian Economic Literature since its inception in 1971. This publication provides English language summaries of articles that appear in Hungarian journals. The summaries range from two to seven pages and provide a good indication of the contents of the articles.

I would be happy to donate my copies to the Library. Please let me know if you would like to have them and arrange for book pick-up at my home.

BBalassa:nc



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982	Barcode No. 30225141
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Document Date Feb 22, 1982	Document Type Outgoing wire
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Correspondents / Participants
To : The Bank of New York, Dreyfus Service Corp.
From : Bela Balassa

Subject / Title
Purchase of a Fund

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date Jun 5, 2014
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February 22, 1982.

Professor T. R. Lakshmanan
Boston University
Department of Economics
Boston, Massachusetts

Dear Professor Lakshmanan:

This is to inform you that my book *Development Strategies in Semi-Industrial Economies* will be published shortly at the Johns Hopkins University Press. I am afraid that I will not have a sufficient number of copies to distribute but you may like to order the book from the publisher.

Yours sincerely,

Bela Balassa

February 22, 1982.

Mr. Pradumna Rana
Research Fellow
Institute of Southeast Asian Studies
Asean Economic Research Unit
Heng Muikeng Terrace
Pasir Panjang
Singapore 0511
Republic of Singapore

Dear Mr. Rana:

I enclose a copy of my paper "The Policy Experience of Twelve Less Developed Countries, 1973-1978" that provides the requested information for four of the countries you have listed. Data on Malaysia are contained in the OECD study "The Balance of Payments Effects of External Shocks and of Policy Responses to these Shocks" which is on sale.

Yours sincerely,

Enclosure

Bela Balassa

Mrs. Judith A. Conner, CTR

February 22, 1982.

Bela Balassa, DRC

Expenses Statement

I submitted with my Travel expense report a memo addressed to Mr. Duloy on which he stated his agreement with my accounting expenses incurred in interim stops in Morocco as official expenses. I enclose a copy of this memo on which Mr. Duloy appended his initials.

Enclosure
BBalassa:nc

February 22, 1982.

Professor Richard S. Eckaus
Massachusetts Institute of Technology
Department of Economics
Cambridge, Massachusetts 02139

Dear Dick:

I am sorry that I will be teaching at Hopkins on Wednesday, February 24th and hence will not be able to participate at your very interesting Conference.

Sincerely,

Bela Balassa

February 22, 1982.

Professor Irving B. Kravis
University of Pennsylvania
Department of Economics
3718 Locust Walk CR
Philadelphia, Pennsylvania 19104

Dear Irving,

I seem to have misspoken because we will have a Hungarian visitor giving a seminar at the Bank on March 29th. I wonder, therefore, if you could find an alternative date. I would be free on March 15, April 5, April 12 and April 19.

I enclose a copy of my paper "Adjustment to External Shocks in Developing Economies," I would present at the seminar.

Yours sincerely,

Enclosure

Bela Balassa

February 22, 1982.

Dr. Huseyin S. Misirlioglu
Celebi Sokak No. 4/16
Erenkoy-Istanbul
Turkey

Dear Dr. Misirlioglu:

Thank you for your letter of January 28th. I am sorry to say that the World Bank publishes only books that have been prepared in the framework of its research projects. Accordingly, I return the outline of the book you have sent me.

Yours sincerely,

Enclosure

Bela Balassa

February 22, 1982.

Confidential

Professor Mahn Je Kim
Department of Economics
Sogang University
1-1 Shinsoo-dong, Mapo-ku
Seoul
Korea

DECLASSIFIED

JUN 05 2014

WBG ARCHIVES

Dear Mahn Je,

Thank you for your letter of January 18th informing me of your return to Sogang University. Under your wise leadership, the Korean Development Institute has acquired a considerable reputation. I hope that you will continue to advise the Institute as well as your Government.

With best wishes in your new position, I remain,

Sincerely yours,

Bela Balassa

P.S. On his visit to Washington Mr. Soogil Young told me that objections were raised to my participation at the Conference you and Mrs. Hughes are organizing. I would appreciate your letting me know on a confidential basis the nature of these objections and the form they have taken.

February 22, 1982.

Dr. Ki Hwan Kim
President
Korea Development Institute
P.O. Box 113 Cheongryang
Seoul
Korea

Dear Dr. Kim:

I was informed that you are replacing Professor Mahn Je Kim as President of the Korea Development Institute. I wish you the best in your new position.

I look forward to seeing you on your next visit to Washington. In the meantime, I will be sending you my publications at your new address.

Yours sincerely,

Bela Balassa

February 22, 1982.

Dr. Margarita Maksimova
Institute of World Economics
and International Relations
Academy of Sciences of the USSR
Moscow
USSR

Dear Dr. Maksimova:

I was sorry to have missed you on your recent visit to Washington. I would very much hope that we will have an opportunity to meet again soon.

I enclose some of my recent papers that may be of interest to you and would be happy to keep you on my distribution list for papers if you so wish.

Yours sincerely,

Enclosures

Bela Balassa

Enclosed: J.H. W.P. The United States in the World Economy
W.P. No. 472 Adjustment to External Shocks in Developing Economies
449 The Policy Experience of Twelve Less Developed
Countries, 1973-1978
~~464~~
~~496~~ 396 Structural Change in Trade in Manufactured Goods Between
Industrial and Developing Countries.
Reprints No. 156 Prospects for Trade in Manufactured Goods between
Industrial and Developing Countries 1978-1990
~~164 Portugal in Face of the Common Market~~

February 22, 1982.

Dr. Józef Misala
ul. Bernardyńska 1/15
02-904 Warszawa
Poland

Dear Dr. Misala:

Thank you for your letter of December 10th. I have retained you
in my good memory and I hope that we will continue to remain in contact.
I am sending you under separate cover some of my recent papers.

Yours sincerely,

Bela Balassa

Under separate cover: J.H. W.P. The United States in the World Economy
W.P. No. 472 Adjustment to External Shocks in Developing Economies
449 The Policy Experience of Twelve Less Developed Countries, 1973-1978
~~464 Structural Adjustment Policies in Developing Economies~~
396 Structural Change in Trade in Manufactured Goods Between Industrial
and Developing Countries
Reprints No. 156 Prospects for Trade in Manufactured Goods between Industrial
and Developing Countries 1978-1990
164 Portugal in Face of the Common Market

February 22, 1982.

Ms. Marie-Hélène Maurel
Assistant
International Chamber of Commerce
38 Cours Albert 1^{er}
75008 Paris
FRANCE

Dear Ms. Maurel:

Thank you for your letter of January 19th informing me that I will receive 8 copies of the English version and 4 copies of the French version of the volume "Growth and Entrepreneurship: Opportunities and Challenges in a Changing World." Thus far, I have received three copies of the English version and one copy of the French version. I wonder when I can expect the remaining copies.

Yours sincerely,

Bela Balassa

February 19, 1982.

Professor George Feiwel
5507 Holston Hills Road
Knoxville, Tennessee 37914

Dear George,

Thank you for your letter of January 10th.

I enclose the papers you have requested. I am afraid, however, that it is not possible for me to send you material on Poland's application to the World Bank, nor do I know of any sources of finance for a study of the Polish economy in the 1970s. Finally, due to a trip abroad, I will not be able to participate at the panel you are organizing.

Yours sincerely,

Enclosures

Bela Balassa

Enclosed: W.P. No. 453 Industrial Prospects and Policies in the Developed Countries
The Economic Reform in Hungary Ten Years After
The Hungarian Economic Reform, 1968-81

February 19, 1982.

Dr. Kuo-Shu Liang
Chairman
First Commercial Bank
Taipei, Taiwan
Republic of China

Dear Dr. Liang:

Many thanks for your holiday wishes. I also wish you the best for the coming year. I also wish to thank you for the beautiful calendar you sent me. This will remind me of the pleasant visits we had together.

Yours sincerely,

Bela Balassa

February 19, 1982.

Dr. Evangelos A. Voloudakis
Research Director
Bank of Greece
Athens
Greece

Dear Dr. Voloudakis:

Thank you for your greetings for the holidays. I also wish you the best for the New Year.

Mr. Papageorgiou tells me that he is in the process of finishing his part of the Greek study. I would also appreciate receiving yours at an early date.

With best regards to you and your collaborators, I remain,

Sincerely yours,

Bela Balassa

February 19, 1982.

Professor Teng Weizao
President
Nankai University
Weijin Road 94, Tianjin
People's Republic of China

Dear Professor Teng:

Thank you for your kind remembrance on the occasion of the Christmas holiday.

I wonder if you have received my book, *The Newly Industrializing Countries in the World Economy* as well as several papers I sent you last August.

Let me add that I will be in Peking between May 17 and May 31. Should you have an opportunity to visit there during my stay, I would be very happy to see you. Unfortunately, my schedule will not permit me to visit Nankai University.

Yours sincerely,

Bela Balassa

February 19, 1982.

Mr. Tom Lantos
Member of Congress
1123 Longworth Building
Washington, D.C. 20515

Dear Mr. Lantos:

I recently learned that you are a Congressman of Hungarian origin for California. I enclose two papers on the Hungarian economy which may be of interest to you.

Hoping that we will have the opportunity to meet one day, I remain,

Sincerely yours,

Enclosures

Bela Balassa

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

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 19, 1982.

Garfinckel's
Post Office Box No. 2222
Washington, D.C. 20013

Dear Sir:

Please send me a check in the amount of my credit balance of
\$42.40. Your recent bill is enclosed.

Yours truly,

Enclosure

Bela Balassa



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982		Barcode No. 30225141		
Document Date Feb 19, 1982	Document Type Letter			
Correspondents / Participants To : Mr. John J. Mallon Jr., Administrator, Children's Hospital From : Bela Balassa				
Subject / Title Requesting a whithdrawal of the bill from the Collection agency				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal 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. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"> <tr> <td>Withdrawn by Chandra Kumar</td> <td>Date Jun 5, 2014</td> </tr> </table>	Withdrawn by Chandra Kumar	Date Jun 5, 2014
Withdrawn by Chandra Kumar	Date Jun 5, 2014			

1 1 61991

BOOK OF THREE

FOLLOWING A REVIEW OF PROFESSOR HIC'S REPORT ON THE RELIABILITY OF DATA FOR THE FIRST HALF OF 1981 WE SUGGEST THAT WORK ON INCENTIVES AND PROTECTION BE LIMITED TO 1981 DATA. FOR ABOUT TWO-THIRDS OF THE FIRMS, FULL YEAR 1981 DATA WOULD BE USED. FOR THE REMAINING ONE-THIRD OF THE FIRMS, DATA FOR THE FIRST HALF OF 1981 WOULD BE USED AFTER CAREFUL CHECKING. NO USE WOULD BE MADE OF DATA FOR 1980 THAT ARE MUCH AFFECTED BY THE UNSETTLED CONDITIONS OF THAT YEAR. PLEASE INFORM PROFESSOR HIC AND MYSELF IF YOU AGREE WITH THIS RECOMMENDATION. REGARDS, BALASSA

CABLE

2/1982/82

Bela Balassa

Bela Balassa

BBalassa:nc

DRC - Direcot's Office

1 1 61991

YILDIRIM AKTURK, DEVLET PLANLAMA TESKILATI
BASBAKANLIK, BAKANLIKLAR, ANKARA, TURKEY

COPIES TO

ORAL AKMAN, DEVLET PLANLAMA TESKILATI, BASBAKANLIK, BAKANLIKLAR,
ANKARA, TURKEY

MUKERREM HIC, ISTANBUL UNIVERSITY, FACULTY OF ECONOMICS, INSTITUTE
OF ECONOMIC DEVELOPMENT, ISTANBUL TURKEY

CABLE

2/19/82

Bela Balassa

Bela Balassa

DRC - Director's Office

February 19, 1982.

Mr. Xenophon Zolotas
The Governor
Bank of Greece
Athens
Greece

Dear Mr. Governor:

Many thanks for your holiday wishes. I also wish you the best for the New Year. I was informed that you have been appointed Honorary Governor of the Bank of Greece. I am sure that your country will need your advice for a long time to come.

Yours sincerely,

Bela Balassa

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 19, 1982.

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

Dear Sir:

In response to my order you sent me on December 7th a copy of the book Livingstone, *Development Economics and Policy*. I made payment for the book, together with several others in late December. In the meantime, I have received a complimentary copy of the book and would like to return the copy you sent me. Please inform me where I can mail the book and send me a check in the amount of £17.50 on receiving it.

Yours sincerely,

Bela Balassa

February 19, 1982.

Mr. Julio Berlinski
Instituto Torcuato Di Tella
11 de Septiembre 2139
1428 Buenos Aires
Argentina

Dear Julio,

I will be happy to serve as a reference for a Guggenheim Fellowship. Your project looks very interesting and I am sure that you will do an excellent job in undertaking it.

With best wishes, I remain,

Sincerely yours,

Bela Balassa

P.S. Since I dictated this letter, I have received the request from Guggenheim. I have strongly suggested that they award you the grant. At the same time, I suggest that you de-emphasize the effects of changes in relative factor prices that will be observed over a long period. At the same time, you should give emphasis to bankruptcy as an "adjustment mechanism" and the adverse effects of the overvaluation of the exchange rate on exports.

February 19, 1982.

Mr. Hildebrando Araica Araúz
Asesor Técnico
Dirección de Planificación
Económica y Social
Ministerio de Planificación y
Política Económica
Apartado Postal 2694
Panamá 3, Panamá

Dear Mr. Araica Araúz:

The findings on Research Project 670-01 "Development Strategies in Semi-industrial Countries" will be published under the title "Development Strategies in Semi-industrial Economies" by the Johns Hopkins University Press in a month or so. You can purchase a copy of the book by writing to the Press in Baltimore, Maryland.

Research Project 672-41 "Changes in the Pattern of Comparative Advantage in Manufactured Goods" started only recently and there will be no output for about two years.

Yours sincerely,

Bela Balassa

Mr. Ernest Stern, SVPOP

February 19, 1982.

Bela Balassa, DRC

MEXICO: Capital Goods Credit Project

In response to your request on October 19, 1981 I commented on the policy conditions of the above project. Subsequently, I reluctantly agreed to revised conditions, largely because of the substantial overvaluation of the peso existing at the time. This has now been corrected and I suggest that the policy conditions of the project be reviewed. The recent depreciation of the peso strengthens the validity of my conclusion that "in view of the considerable incentives tax credits and preferential financing provide to the machinery industry, and the adverse effects of protection on user industries, the case for raising tariffs and imposing import licensing cannot be established" (Para. 19 of my memo of October 19, 1981).

cc: Mr. Horsley, VSPOP

BBalassa:nc

February 19, 1982.

Mr. Karsten Laursen
Institute of Economics
Aarhus University
8000 Aarhus C
Denmark

Dear Karsten,

I read with interest the report you prepared on the Danish economy. Recently I saw a reference to a paper of yours entitled Global Interdependence: Concept and Implications which is of great interest to me. Could you favor me with a copy.

Yours sincerely,

Bela Balassa

February 19, 1982.

Mr. George E. Drakos
President
Greek Economic Association
4 Hatzigianni Mexi Str.
Athens 612
Greece

Dear Mr. Drakos:

It was good to hear from you and we have noted your new address to which I will be sending my papers in the future. I would be interested to receive any papers you write.

I have been following developments in Greece and hope that the situation will improve again.

Yours sincerely,

Bela Balassa

February 19, 1982.

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

Dear Dr. Suh:

I am sorry to say that I have had further delays in reading your study. I hope to be able to get to it in the next month or so.

Yours sincerely,

Bela Balassa

February 18, 1982.

Professor Paul Marer
School of Business
Bloomington/Indianapolis
10th St. & Fee Lane
Bloomington, Indiana 47405

Dear Paul,

Mr. L. A. Whittome, Director of the European Department at the IMF, will send two of his senior economists to the Bloomington Conference. One of these is Mr. S. Thakur; another will be nominated shortly. Please send material relating to the program of the conference, accommodations, etc., to Messrs. Whittome and Thakur.

Mr. Karaosmanoglu, Program Department Director of EMENA in the Bank will send Ms. Hazel Denton and another, or possibly two of his economists to the Conference. Mr. Edwin Lim of the China Division also wishes to participate. Please send all the above the relevant documents.

Yours sincerely,

Enclosure

Bela Balassa

P.S. I enclose the revised version of my "Reforming the New Economic Mechanism in Hungary" for distribution to Conference participants.

cc: Messrs. Whittome, IMF; Thakur, IMF; Colaco, EPD; Karaosmanoglu, EMI; Lim, AEA;
Ms. Denton, EMI (with enclosure)

February 18, 1982.

Prof. Dr. Herbert Giersch
Institut für Weltwirtschaft
an der Universität Kiel
Postfach 4309
2300 Kiel 1
West Germany

Dear Herbert,

Thank you for inviting me again to lecture at your summer Workshop.
I will be happy to accept.

The suggested dates, August 16 and 17 are fine with me. An aeroplane
ticket should be sent to my summer address,

c/o M. Aymé Bernard
Irigny
Rhône
France

I plan to use the same material in my lecture as last year. I presume
that copies are still available at your library.

With best wishes for the New Year, I remain,

Yours sincerely,

Bela Balassa

February 18, 1982.

Ms. Eleanor Sebastian
Director Market Development
Dun & Bradstreet International
One World Trade Center
Suite 9069
New York, N.Y. 10048

Dear Eleanor,

Thank you for your letter of February 8th informing me of your transfer to Dun & Bradstreet International as Director of Market Development. Our congratulations and best wishes on your promotion.

I hope that on your next visit we will have the opportunity to meet as we have missed each other on several occasions. Carol joins me in sending our best regards to Charles and you.

Yours sincerely,

Bela Balassa

February 18, 1982.

Ms. Judit Gergely
1125 Varazs utca 5
Budapest
Hungary

Dear Ms. Gergely:

Thank you for your recent letter. I am sending you under separate cover some of my recent papers on developing countries. I further asked that the Bank's catalogue of publications be sent to you.

I am afraid that I do not see any possibility at this time for you to work with me as I do not have any opening for this purpose. In the event that you have an interest in applying to the World Bank, I enclose an application form to the Young Professional Program. This is a one year training program for people below 30. While the selection process is very strict, your background and nationality may appeal to the Bank.

Yours sincerely,

Enclosure

Bela Balassa

Enclosed: ~~Trptiny ZNo. 144 - Incentive Policies in Brazil~~
under ~~Reprint No. 132 - Accounting for Economic Growth: The Case of Norway~~
separate ~~134 - The Tokyo Round and the Developing Countries~~
cover Johns Hopkins - The United States in the World Economy
W.P. No. 472 - Adjustment to External Shocks in Developing Economies
No. 449 - The Policy Experience of Twelve Less Developed Countries,
1973-1978
No. 464 - Structural Adjustment Policies in Developing Economies
No. 396 - Structural Change in Trade in Manufactured Goods
Between Industrial and Developing Countries.
Reprint No. 164 Portugal in Face of the Common Market
156 Prospects for Trade in Manufactured Goods between
Industrial and Developing Countries, 1978-1990.
Brochure, The Young Professionals Program

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 18, 1982.

Science 82
P.O. Box 10789
Des Moines, Iowa 50340

Dear Sir:

We received last week the January/February and March 1982 issue of Science 82. We find that this publication is not appropriate for a boy of 9. Accordingly, I am returning, under separate cover, the two issues. In conformity with your advertisement, we wish to ask that you cancel all charges related to our subscription.

Yours truly,

Bela Balassa

February 18, 1982.

Professor Paul Marer
School of Business
Bloomington/Indianapolis
10th St. & Fee Lane
Bloomington, Indiana 47405

Dear Paul,

Mr. L. A. Whittome, Director of the European Department at the IMF, will send two of his senior economists to the Bloomington Conference. One of these is Mr. S. Thakur; another will be nominated shortly. Please send material relating to the program of the conference, accommodations, etc., to Messrs. Whittome and Thakur.

Mr. Karaosmanoglu, Program Department Director of EMENA in the Bank will send Ms. Hazel Denton and another, or possibly two of his economists to the Conference. Mr. Edwin Lim of the China Division also wishes to participate. Please send all the above the relevant documents.

Yours sincerely,

Enclosure

Bela Balassa

P.S. I enclose the revised version of my "Reforming the New Economic Mechanism in Hungary" for distribution to Conference participants.

cc: Messrs. Whittome, IMF; Thakur, IMF; Colaco, EPD; Karaosmanoglu, EM1; Lim, AEA;
Ms. Denton, EM1 (with enclosure)



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982		Barcode No. 30225141		
Document Date Feb 18, 1982	Document Type Letter			
Correspondents / Participants To : Shawmut Bank of Boston, N.A. From : Bela Balassa				
Subject / Title Requesting for a replacement Card				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date Jun 5, 2014</td></tr></table>	Withdrawn by Chandra Kumar	Date Jun 5, 2014
Withdrawn by Chandra Kumar	Date Jun 5, 2014			

February 18, 1982.

Professor Douglas Hague
Oxford Centre for Management Studies
Kennington
Oxford OX1 5NY
England

Dear Professor Hague:

Thank you for your letter of February 9th. I would appreciate it if you could send me a copy of the edited manuscript for review. I would return it within a week.

I enclose a copy of my paper in which the tables are fully readable. I very much hope that you can see fit to include all the tables in the printed version. I have kept the text rather short in the expectation that people would peruse the tables. Should it be absolutely necessary, the appendix table is the only one that could be omitted.

Yours sincerely,

Enclosure

Bela Balassa



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982		Barcode No. 30225141		
Document Date Mar 1, 1982	Document Type Letter			
Correspondents / Participants To : Mr. A. Stoutjesdijk, DED From : Bela Balassa, DRC				
Subject / Title Consultant Arrangements				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Withdrawn by Chandra Kumar	Date Jun 5, 2014			

Mr. Guy Pierre Pfeffermann, LCNVP

February 18, 1982.

Bela Balassa, DRC

1. I have reviewed Corbo-deMelo research proposal and find it vastly improved. At the same time, in view of the cuts in the research budget, questions will undoubtedly be raised as to how the projects budget could be reduced.

2. In earlier memos you refer to two papers which I would like to receive. They are as follows.

Miguel Urrutia, "Winners and Losers in Colombia's Growth Experience"
French-Davis and Jose Pablo Arellano, "Financial Liberalization and Foreign Debt: The Chilean Experience".

BBalassa:nc



Record Removal Notice

File Title Bela Balassa's chron files - Febraury 1982	Barcode No. 30225141
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Document Date Feb 18, 1982	Document Type Letter
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Correspondents / Participants
To : Foreign Affairs
From : Bela Balassa,

Subject / Title
Payment Issues

Exception No(s).

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 Prerogative to Restrict

Reason for Removal
Financial Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date Jun 5, 2014
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February 18, 1982.

Mr. Raymond Zate Zoukpo
Socio Economic Planning
The University of Tsukuba
Ibaraki 305
Japan

Dear Mr. Zoukpo:

Thank you for your letter of December 30th which I sent to Mr. Garry Pursell who has worked on the Ivory Coast. I further enclose a comparative study on four Western African countries I prepared some years ago.

Yours sincerely,

Enclosure

Bela Balassa

Enclosed: Comparative Advantage and Perspectives for Economic Integration
in Western Africa

cc: Mr. Pursell

February 15, 1982.

Mr. Paulo Nogueira Batista Jr.
Centro de Estudos Monetarios e de
Economia Internacional
Fundacao Getulio Vargas
Instituto Brasileiro de Economia
Caixa Postal 9052 ZC 02
Rio de Janeiro, RJ
Brazil

Dear Mr. Nogueira:

It was only last week that I received the final version of Part I of the external shocks paper that was mailed with a letter dated November 11. There was need for considerable editing as little effort had been made to revise the chapters and to reduce their length in accordance with my earlier memoranda.

With best regards,

Yours sincerely,

Bela Balassa

cc: Messrs. Fendt
Lemgruber

Mr. E. Peter Wright, VPD

February 15, 1982.

Bela Balassa, DRC

Working Papers

I enclose three proposed Working Papers prepared at the DRC. I further enclose a memo by Vinod Dubey agreeing to the inclusion of my paper on the Hungarian reform in the series. In view of the delays encountered, I would very much appreciate it if you could find the time to clear the paper this week.

Enclosures
BBalassa:nc

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 15, 1982

Anametrics, Inc.
30 Rockefeller Plaza
New York, New York 10020

Dear Sir:

I wish to continue my subscription to Findings & Forecasts with payments made semiannually. Accordingly, I enclose a check for \$250.

Yours sincerely,

Enclosure

Bela Balassa

Mrs. Jean Ponchamni, DRC

February 15, 1982.

Bela Balassa, DRC

Janos Kornai

I have agreed with Robinson that Kornai, who is an old time consultant at the DRC, will give a paper on April 16th in the framework of the macro seminar on issues covered in his book "The Economics of Shortage." Given his background, Kornai should receive an honorarium at the highest possible level. An invitation should be sent to him c/o Professor Paul Marer, School of Business, Bloomington/Indianapolis, 10th St. & Fee Lane, Bloomington, Indiana 47405. He should also be put up in Washington on the night preceding the seminar.

BBalassa:nc

February 15, 1982.

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

Dear Richard,

Thank you for your letter of January 5th and the enclosures. I look forward to reading what appear to be very interesting papers.

I enclose the analytical framework used in estimating external shocks and policy responses to external shocks.

With best regards,

Sincerely yours,

Enclosures

Bela Balassa

TABLE 11
FINANCING THE EXTERNAL RESOURCE GAP

- 2
(\$ million in c)

	1971	1972	1973	*1972*	1974	1975	1976	1977	1978	1971	1972	1973	*1972*	1974	1975	1976	1977	1978	1971	1972
	Newly Industrialising Countries										Relatively Industrialised Countries with economies based predominantly on agriculture									
Interest Receipts	1123	1371	2106	1533	3414	2591	2322	2793	6057	108	101	173	127	422	547	448	511	696	62	49
Interest Payments	-3099	-3701	-5320	-4040	-7633	-8638	-9675	-11526	-17104	-633	-693	-1007	-357	-1363	-1405	-1746	-2022	-2490	-297	-310
Dividends	-9	-5	-43	-19	-202	-189	-468	-263	-162	-76	-102	-51	-76	-101	-340	-964	-1190	-1189	-144	-182
Other Factor Payments	-522	1167	1962	869	2675	3220	1729	1488	2509	118	229	349	232	721	431	1137	350	1729	-47	-18
Official Transfers	115	139	876	377	773	692	1287	988	1204	529	186	230	315	237	215	142	141	209	55	54
Direct Investment	1398	1629	2951	1993	3230	2955	2902	3142	4114	264	261	441	322	913	798	707	1233	1370	75	152
Portfolio Capital	4582	6196	7316	6031	16001	17855	20295	16088	15904	1234	1706	307	1082	1874	1900	3976	5057	5987	147	172
Errors and Omissions	623	1395	115	711	-18	-1292	-2007	-1648	1323	-21	-133	102	-17	-37	-342	-277	1433	-891	-77	-90
Changes in Reserves	-2509	-7090	-6129	-5243	3722	3376	-4524	-5548	-12584	-494	-1447	-1848	-1263	-835	930	-1296	-425	-1499	45	32
Net External Financing	1702	1101	3834	2212	21962	20570	11861	5514	1261	1029	108	-1304	-56	1831	2734	2127	5088	3922	-181	-141
Total External Financing ^{b/}	4810	4807	9197	6271	29797	29397	22004	17303	18527	1738	903	-246	798	3295	4479	4837	8300	7601	260	351
	Less Industrialised Countries with economies based predominantly on mineral production										Least Developed Countries									
Interest Receipts	68	55	68	64	111	82	152	110		26	26	47	33	58	53	61	46	74	61	53
Interest Payments	-319	-448	-557	-442	-677	-701	-564	-532		-77	-88	-100	-88	-118	-135	-137	-110	-98	-423	-425
Dividends	-64	-95	-97	-86	-148	-159	-69	-66		-33	-38	-48	-40	-52	-53	-49	-63	-44	-49	-15
Other Factor Payments	-128	-142	-167	-146	-235	-261	-254	-267		10	33	14	19	9	16	-18	23	7	-52	-61
Official Transfers	267	453	352	357	452	475	502	628		54	91	136	94	282	399	214	342	311	259	207
Direct Investment	135	225	261	207	299	74	93	79		14	-17	45	14	60	43	16	12	24	0	21
Portfolio Capital	210	508	137	285	545	869	930	539		228	218	235	227	554	507	273	355	453	1187	465
Errors and Omissions	-213	-212	-281	-235	-406	-103	-137	-114		-14	-42	-41	-32	-41	-31	-90	-9	212	-123	-231
Changes in Reserves	300	129	-157	91	-217	342	13	-219		39	-112	-160	-78	44	124	-7	-198	181	-89	33
Net External Financing	255	473	-442	95	-277	619	666	159		247	71	128	149	796	976	263	398	1120	771	47
Total External Financing ^{b/}	639	1016	213	622	548	1478	1299	757		357	197	276	277	966	1164	449	571	1262	1243	487

Sources: See Annex C

Notes: a/ Includes earnings (payments) on other goods, services and income.
b/ Net external financing plus interest payments and dividends.
c/ Available only for Peru.

- 2
(\$ million in current prices)

1978	1971	1972	1973	*1972*	1974	1975	1976	1977	1978	1971	1972	1973	*1972*	1974	1975	1976	1977	1978
	Relatively Industrialised Countries with economies based predominantly on mineral production									Less Industrialised Countries with economies based predominantly on agriculture								
696	62	49	78	63	138	113	77	69	34	40	60	60	53	88	108	83	100	83
2490	-297	-310	-393	-333	-609	-721	-863	-1008	-2951	-103	-155	-232	-163	-278	-268	-300	-452	-353
1189	-144	-182	-156	-161	-87	-97	-110	-100	-18	-152	-105	-160	-139	-116	-257	-293	-357	-385
1729	-47	-18	-96	-53	-154	-88	-42	-84	1587	-39	-69	-130	-79	-134	-239	-289	-356	-429
209	55	54	79	63	46	89	124	123	104	215	282	201	233	243	323	257	328	284
1370	75	152	198	142	-426	422	294	133	265	73	55	89	72	107	220	122	113	178
5987	147	172	602	307	1476	1310	966	1688	1360	300	90	529	306	764	820	762	1475	1937
-891	-77	-90	-116	-94	-218	-283	-367	-93	233	-7	-12	0	-6	-66	40	-6	-2	-167
1499	45	32	-199	-41	-470	813	187	-122	-576	91	-64	-148	-40	88	244	-203	-842	-131
3922	-181	-141	-2	-108	-305	1559	261	605	38	418	82	209	236	698	991	133	7	1017
7601	260	351	546	386	391	2376	1239	1714	-	673	342	601	539	1092	1516	726	816	1755
	South Asian Countries																	
a/	61	53	78	64	130	166	227	308	355									
a/	-423	-425	-476	-441	-392	-517	-493	-603	-648									
	-49	-15	-16	-27	16	-24	1	-6	16									
	-52	-61	-25	-46	-45	0	13	38	151									
	259	207	403	290	2400	709	688	700	890									
	0	21	-17	1	-2	15	0	15	36									
	1187	465	841	831	-112	2056	1730	1295	1263									
	-123	-231	-56	-137	-288	-474	-305	-317	-2									
	-89	33	184	42	311	-75	-2265	-1540	-1935									
	771	47	916	578	2018	1856	-404	-110	126									
a/	1243	487	1408	1046	2394	2397	88	499	758									

Annex A

ESTIMATING CHANGES IN THE BALANCE OF PAYMENTS

THE ANALYTICAL FRAMEWORK

by Bela Balassa

In developing the analytical framework designed to examine the balance-of-payments effects of external shocks and of policy responses to these shocks, the point of departure is the balance-of-payments identity. This is defined in terms of the resource gap that equals the deficit in merchandise trade and in non-factor service items combined, with further adjustment made for private transfers; the resource gap is financed by the net flow of external financing.

The resource gap is shown in equations 1) and 2) for years 0 and 1, respectively. In the equations, M and X denote merchandise imports and exports, valued in base year (0) prices; P_{01}^m and P_{01}^x represent percentage changes in import and export prices between years 0 and 1; and S and R refer to the balance of non-factor services and private transfers and to the resource gap, respectively, valued in terms of current prices.

$$\begin{aligned} 1) \quad & R_0 = M_0 - X_0 - S_0 \\ 2) \quad & R_1 = M_1 (1 + P_{01}^m) - X_1 (1 + P_{01}^x) - S_1 \end{aligned}$$

Taking the difference between equations 2) and 1) and rearranging terms, we express changes in the resource gap between years 0 and 1 in equation 3) in terms of changes in import and export prices for the volume of imports and exports in period 1 ($P_{01}^m M_1 - P_{01}^x X_1$); changes in the volume of imports ($M_1 - M_0$); changes in the volume of exports ($X_1 - X_0$); and changes in the balances of non-factor services and private transfers ($S_1 - S_0$).

$$3) \quad R_1 - R_0 = (P_{01}^m M_1 - P_{01}^x X_1) + (M_1 - M_0) - (X_1 - X_0) - (S_1 - S_0)$$

Equation 3) is modified if we examine the effects of policy equations taken at home and abroad. As a first step, we introduce hypothetical exports (X_1^h) that would be reached if the country in question maintained its base-year share in world markets. Now, differences between actual and hypothetical exports ($X_1 - X_1^h$), shown on the left-hand side of equation 4), are taken to have resulted from domestic policy actions as regards exports.

$$4) \quad (R_1 - R_0) + (X_1 - X_1^h) = (P_{01}^m M_1 - P_{01}^x X_1) + (M_1 - M_0) - (X_1^h - X_0) - (S_1 - S_0)$$

Next, we introduce the effects of changes in foreign demand. For this purpose, we calculate the trend value of exports (X_1^t) on the assumption that the trend of foreign export demand remained the same as in the base period and the country under consideration maintained its export share unchanged. The difference between trend and hypothetical values ($X_1^t - X_1^h$), shown on the right-hand side of equation 4), thus represents the effects of the external shock due to changes in foreign demand on the country's exports. (Since this export shortfall adds to the deficit, it is shown with a positive sign.)

$$5) \quad (R_1 - R_0) + (X_1 - X_1^h) = (P_{01}^m M_1 - P_{01}^x X_1) + (X_1^t - X_1^h) + (M_1 - M_0) - (X_1^t - X_0) - (S_1 - S_0)$$

In turn, hypothetical imports (M_1^h) are calculated for the actual growth rate of GNP in the country concerned on the assumption that the income elasticity of import demand remained the same as in the base period. Differences between hypothetical imports (M_1^h) and actual imports (M_1), shown in equation 6), are taken to reflect the effects of import-substituting policies.

$$6) \quad (R_1 - R_0) + (X_1 - X_1^h) + (M_1^h - M_1) = (P_{01}^m M_1 - P_{01}^x X_1) + (X_1^t - X_1^h) + (M_1^h - M_0) - (X_1^t - X_0) - (S_1 - S_0)$$

Furthermore, we calculate the trend value of imports on the assumptions that the income elasticity of import demand and the rate of growth of GNP remained the same as in the base period (i.e. no change in the rate of growth of imports). Differences between the trend value of imports and hypothetical imports ($M_1^t - M_1^h$), shown on the left-hand side of the equation 7), are assumed to reflect the effects of changes in the rate of growth of GNP on imports.

$$7) \quad (R_1 - R_0) + (X_1 - X_1^h) + (M_1^h - M_1) + (M_1^t - M_1^h) = (P_{01}^m M_1 - P_{01}^x X_1) + (X_1^t - X_1^h) + (M_1^t - M_0) - (X_1^t - X_0) - (S_1 - S_0)$$

The difference between the trend values for imports and exports adjusted for the actual balance of non-factor services and private transfers equals the amount of net external financing that would have been necessary in the absence of external shocks and policy responses to these shocks (the trend value of the resource gap, R_1^t). In turn, the sum of differences between trend values and actual values of imports and exports equals the difference between the trend value of the resource gap and its actual value in the base year.

Introducing the trend value of the resource gap and rearranging terms, we show the excess of the actual resource gap over its trend value on the left-hand side of equation 8). This is taken to represent the additional inflow of external funds associated with the balance-of-payments effects of external shocks (additional net external financing).

$$8) \quad (R_1 - R_1^t) + (X_1 - X_1^h) + (M_1^h - M_1) + (M_1^t - M_1^h) = (P_{01}^m M_1 - P_{01}^x X_1) + (X_1^t - X_1^h) + (M_1^t - M_0) - (X_1^t - X_0) - (S_1 - S_0) - (R_1^t - R_0)$$

The last term on the right-hand side of equation 9) equals the sum of the previous three terms and indicates the amount of additional external financing that would have been necessary in the absence of external shocks if exports and imports assumed their trend values and non-factor services and private transfers their actual values, over and above the inflow of external funds in the base year. The term is shown with a negative sign, so that the last four terms add up to zero and can be omitted.

Under the assumption that the country in question is a price-taker in world markets, the right-hand side of equation 8) is taken to indicate the effects of external shocks on the balance of payments. This is decomposed into effects on the terms of trade ($P_{01}^m M_1 - P_{01}^x X_1$) and on export volume ($X_1^t - X_1^h$). The former is further decomposed into a pure terms of trade effect, calculated on the assumption of balanced trade in base year prices ($(P_{01}^m - P_{01}^x) X_1$), and the effects of increased import prices on unbalanced trade, $(M_1 - X_1) P_{01}^m$.

In turn, the left-hand side of equation 8) consists of terms representing policy reactions to external shocks, including additional net external financing ($R_1 - R_1^t$), increases in the country's export share in world markets ($X_1 - X_1^h$), import substitution ($M_1^h - M_1$), and the effects of lower GNP growth rates on the country's imports ($M_1^t - M_1^h$).

In the case of manufactured exports, the effects of lower growth rates of GNP abroad and the effects of changes in the foreign income elasticity of demand for these exports have further been distinguished. This has involved calculating the constant-price-value of the exports of manufactured goods by developing countries to developed countries, developing countries, and centrally planned economies that would have been obtained if the income elasticity of import demand in these areas remained the same as in the base period (X_m^f).

Assuming further that the country in question maintained its share in the manufactured exports of the developing countries unchanged, the difference between the trend value of manufactured exports and the constant-income-elasticity value of the exports of manufactured goods ($X_m^f - X_m^f$) is taken to reflect the effects of changes in GNP growth rates abroad. In turn, the difference between constant-income-elasticity exports and hypothetical exports ($X_m^f - W_m^h$) represents the effects of changes in foreign income elasticities of demand for the manufactured exports of the developing countries. Again, a positive sign denotes an export shortfall.

February 15, 1982.

Mr. Richard D. Irvine
1818 Ridge Road
Homewood, Illinois 60430

Dear Sir:

I have continued my subscription to the AEA index. I last received Volume 18; I understand that Volume 19 has appeared in the meantime. Please send me a copy and bill me at 30 percent discount.

Yours sincerely,

Bela Balassa

Mr. Henry P. Gassner, EM2

February 15, 1982.

Bela Balassa, DRC

Financing of Turkey Project

I have reviewed Professor Hic's Report on Finances. I support the request contained in this memo. In particular, I suggest the following:

1. Mr. Hic should receive an advance to meet research expenses for the coming two months.
2. Interviewing expenses associated with work for the Industrialization and Trade Strategy mission should be paid to Mr. Hic.
3. A sufficient advance should be provided to pay research assistants and senior researchers.

cc: Ms. Saito, EM2
Mr. Noel, YPP

BBalassa:nc



Record Removal Notice

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MR. KENNETH K. MEYERS, 2215 HASTE STREET #4
BERKELEY, CALIFORNIA 94704

PLEASE INDICATE IF YOU WOULD STILL BE AVAILABLE FOR AN ASSIGNMENT
WITH THE BANK. CALL ME COLLECT ON MONDAY FEBRUARY 15 AT 202-676-
1991. REGARDS, BALASSA

CABLE

2/12/82

BELA BALASSA

BELA BALASSA

DRC - Director's Office

BBalassa:nc

February 12, 1982.

Professor Nicholas Wahl
Director
Professor of French Civilization
and of History
New York University
15 Washington Mews
New York, N.Y. 10003

Dear Nick,

It was a pleasure seeing you and I much enjoyed the seminar.
Thank you again for your invitation.

May I ask you to let me know the exact dates of Raymond Barre's
visit to New York and the name of his host. I would like to arrange to
have him invited to Washington also.

My best wishes for your stay in Paris. Let me have your address
and telephone number so that I can contact you on one of my visits there.

With best regards,

Sincerely yours,

Bela Balassa

P.S. My travel expense report is enclosed.

Travel Expenses, February 10-11, 1982

Bela Balassa

Airplane ticket, Baltimore-New York-Washington	\$95.00
---	---------

Taxi

Baltimore city to airport	12.70
New York, airport to city	11.00
New York, local	7.00
New York, city to airport	14.00
Washington, airport to city	12.00

\$151.70

February 12, 1982.

Dr. Moacir Fioravante
Editor
Revista Brasileira de Economia
Fundacao Getulio Vargas
Praia de Botafogo 190
Rio de Janeiro
Brazil

Dear Dr. Fioravante:

I would like to inquire about the possibility of the Getulio Vargas Foundation publishing my recent book, *The Newly Industrializing Countries in the World Economy* in Portuguese. I enclose the Table of Contents, Preface, and Reader's Guide of the book which describes its subject matter. I trust that focus on the newly-industrializing countries would offer an interest to Brazilian readers.

Looking forward to hearing from you, I remain,

Sincerely yours,

Enclosures

Bela Balassa

February 12, 1982.

Professor Karl Brunner
Director
Center for Research in
Government Policy & Business
Graduate School of Management
University of Rochester
Rochester, New York 14627

Dear Professor Brunner:

Please excuse the delay in answering your letter of January 18th which has been due to a trip abroad. I would like to accept your invitation, but unfortunately I am already committed for the period indicated. I would like, however, to suggest someone in my place who would be an excellent commentator on Anne Krueger's paper.

I recommend that you invite Mr. Jean Baneth who is Assistant Director of the Economic Analysis and Projections Department. Mr. Baneth did graduate economic work at Yale and has wide experience in Bank work. Having had operational assignments and having spent several years in India and Indonesia for the Bank he subsequently moved to finance and now has an important position in the Bank's analytical unit. I am confident that Mr. Baneth would make an important contribution to your Conference.

Yours sincerely,

Bela Balassa

cc: Mr. Baneth, EPD

February 12, 1982.

Dr. Jorge Cauas
President
Bank of Santiago
Casilla 14437
Santiago
Chile

Dear Jorge,

This is a follow-up to my cable and letter of November 6th in which I indicated the impossibility of my coming to Chile in late March and suggested the last week of April as a date for my visit. While this will not allow me to participate at the Protection seminar, I will certainly need a week's stay to have discussions on Chile's economic policies and prospects. As noted in my letter of July 10, 1981, I am particularly interested in the longer-term implications of the policies introduced in recent years.

In the course of my visit, I would like to meet with Messrs. Sergio de Castro and Sergio de la Cuadra, other government officials, economists, bankers, as well as industrialists. Once I receive your confirmation of the proposed dates, I will write to you in more detail about people I would like to see.

Awaiting your answer, I remain,

Sincerely yours,

Bela Balassa

February 12, 1982.

Mr. Jagdish Bhagwati
Editor
Journal of International Economics
Room 1015
International Affairs Building
Columbia University
New York, N.Y. 10027

Dear Jagdish,

I am glad that you have decided to publish David Hsieh's paper.

I have reviewed the revised version and find it fully acceptable.

Yours sincerely,

Bela Balassa

P.S. This letter was delayed due to my long absence abroad.

Mrs. Jean Ponchammi, DRC

February 11, 1982.

Bela Balassa, DRC

Seminars

May I ask you to make arrangements to invite the following people to give seminars at the Bank.

1. Janos Kornai - I have agreed with Robinson that Kornai, who is an old time consultant at the DRC, will give a paper on April 16th in the framework of the macro seminar on issues covered in his book "The Economics of Shortage."
2. Rezzo Nyers - I wish to schedule a seminar by Mr. Nyers on "The International Aspects of the Hungarian Reform" to be held on March 29th. The seminar will be by invitation. Mr. Nyers is a former finance minister and president of the Hungarian Institute of Economics.

Given their background and position, Messrs. Kornai and Nyers should receive an honorarium at the highest possible level. An invitation should be sent to them c/o Professor Paul Marer, School of Business, Bloomington/Indianapolis, 10th St. & Fee Lane, Bloomington, Indiana 47405. They should also be put up in Washington on the night preceding the seminar. Finally, an open ticket Kansas City-Washington-New York should be sent to Mr. Nyers at the above address; Dr. Kornai does not need a ticket.

BBalassa:nc

Mr. James Feather, PUB

February 11, 1982.

Bela Balassa

Publications

I wish to congratulate you on the latest Catalogue of publications. It is attractively done and it also communicates well to potential readers.

On reviewing the Catalogue, I have found that the report on a mission to Thailand I led in 1979 is not included under Country Studies. The report, "Industrial Development Strategies in Thailand" appeared in red cover in June 1980. May I ask you to let me know the reason for the omission.

I would also like to use the opportunity to request your intervention at the Printshop in regard to Reprints. It appears that the Printshop does not follow the order in which it receives the reprints from your Office. As a result, there have been considerable delays in reprinting some papers including one of my own and another one by Marcelo Selowsky.

cc: Mrs Selowsky, DED

BBalassa:nc

February 11, 1982.

Mr. Sidney Dell
United Nations
Centre on Transnational Corporations
United Nations
New York, N.Y. 10017

Dear Mr. Dell:

Thank you for your letter of January 19th, which reached me after my return from a trip abroad.

The definition I have used in classifying countries as "inward-oriented" or "outward-oriented" is the existence, or the lack, of a bias in favor of import substitution and against exports. This refers not only to the markets for individual products, such as copper, but to the general thrust of trade policies, inclusive of import protection and export promotion. I have used the above definitions in several of my earlier writings and it roughly corresponds to the concepts of an import substitution and an export promotion strategy used by Bhagwati and Krueger.

While any binary classification is difficult to apply in practice, I have relied on research by myself and others as well as on Bank reports in classifying countries in the two groups. The results would not be materially affected, however, if one reclassified two or three marginal cases. At the same time, I would not regard Zambia as a marginal case.

Looking forward to seeing you in late March, I remain,

Sincerely yours,

Bela Balassa

February 11, 1982.

Professor Irma Adelman
University of California, Berkeley
College of Natural Resources
Agricultural Experiment Station
Giannini Foundation of Agricultural Economics
Department of Agricultural & Resource Economics
207 Giannini Hall
Berkeley, California 94720

Dear Irma,

As always, I have read your note with great interest. As always, I have found many things to agree with but others I disagree with.

Your "vision" as to the choice open to the OECD countries is broadly correct. But, do not frighten them by saying that they would have to confine themselves "predominantly in the development of the information-communication industries" when they have considerable possibilities in a variety of science-based industries. See my "The United States in the World Economy" as far as the U.S. comparative advantage is concerned.

As regards developing countries, exploiting comparative advantage has indeed been the appropriate choice. But one can hardly say that "the development of comparative advantage is itself a matter of strategic policy design." In fact, the best performers -- Hong Kong, Korea, Singapore, and Taiwan -- provided incentives to exports and let the would-be exporters make the choice. (Think of plywood and wigs that were, for a while, Korea's principal export products.) Thus, laissez-faire has its place under outward-orientation.

Note further that outward-oriented economies also did better in terms of income distribution and employment than countries characterized by inward-orientation. Apart from the experience of the Gang of Four, this is also Urrutia's conclusion in reviewing Colombia's experience with policy reform. And, the Webb-Pfeffermann findings on Brazil also conflict with your view that "income distribution has, except for a handful of countries, worsened." However, you are entirely correct in placing emphasis on wealth distribution and education as important determinants of income distribution.

I hope that this may be helpful. What is news about the publication of the Sino-American conference volumes. In the meantime, I put my Hungarian paper in final form, two copies are enclosed.

Carol joins me in sending our best regards and warm wishes for the New Year.

Sincerely,

Enclosures

Bela Balassa

Enclosed: "The Hungarian Economic Reform, 1968-81" - two copies.

Mr. Adi J. Davar, EM2

February 11, 1982.

Bela Balassa, DRC

Mr. S. H. Hong

Mr. Hong is well-trained in economic analysis and performed very well on the mission I led to Turkey in May-June 1981. His independence of thought and intellectual integrity was expressed in the critical attitude he took in regard to the Celasun model. At the same time, he succeeded in making best use of the Revised Minimum Standard Model in his work for the mission.

Mr. Hong promises to become a very useful country economist. He has an analytical capacity much superior to that of the large majority of Bank economists. At the same time, his analytical strength needs to be seasoned by experience.

BBalassa:nc

Mr. G. Donaldson, AGREP

February 11, 1982.

Bela Balassa, DRC

Mr. Pasquale Scandizzo

1. Mr. Scandizzo, assisted Ms. Girardot-Berg and Swamy, was responsible for work on agriculture and food processing in the mission I led to Turkey in May-June 1981. He wrote the chapter in the report on these subjects and estimated an agricultural model that is included as an Appendix in the report. He also reviewed Ms. Swamy's Appendix on food processing.

2. Mr. Scandizzo performed on a very high level, putting him into the lead among analytical economists of the agricultural sector in the Bank. His chapter provides an excellent analysis of Turkish agricultural policies and the underlying model promises to be an important tool for the Bank and the Turkish government. Finally, Mr. Scandizzo's policy recommendations were very well received in Turkey and served as a basis for a long and fruitful session with the Minister of Agriculture on policy directions last December.

cc: Mr. Yudelman, AGR

BBalassa:nc

February 11, 1982.

Mr. Hendrik S. Houthakker
Editor
The Review of Economics and Statistics
Littauer Center
Cambridge, Massachusetts 02138

Dear Hank,

I enclose my review of Ellis "An Alternative Interpretation and
Empirical Test of the Linder Hypothesis." It is not worthy of publication.

Yours sincerely,

Enclosure

Bela Balassa

The author's proposed test is a case of spurious correlation: economic integration in Western Europe and trade liberalization in the framework of successive multilateral negotiations led to increased trade among developed market economies and to reduced income differentials among them. The correlation of the latter two (dependent) variables thus cannot be used as evidence in favor of Linder's thesis.

Publications

February 9, 1982.

Norma Campbell, DRC

Publications

I would like the following publications for Mr. Balassa in room I6-158.

25 copies of reprints 51, 55, 59, 68 and 70.

10 copies of Working Paper 256

1 copy each of Reprints 52, 59, 76, 77, 79 to 91, 94, 97, 98, 114.

Thank you.

:nc

Ms. Gurushri Swamy, EPD

February 9, 1982.

Bela Balassa, DRC

Appendix in Food Processing

Your Appendix is fine and, apart from one or two queries, I have limited myself to editing. Please send the final version to Mr. Roy for distribution with the other Appendices. Thank you for the excellent work you have done.

cc: Messrs. Miovic, EPD; Roy, EM2; Scandizzo, AGR.

Enclosure
BBalassa:nc

February 8, 1982.

Mr. Shirl McArthur
Senior Associate
Morgan-Newman Associates, Inc.
1835 K Street N.W.
Washington, D.C. 20006

Dear Shirl:

I earlier promised to give information on Bank work on small enterprises. I enclose pages from the Bank's latest Abstracts of Current Studies that described a research project on this subject as well as two other projects that may be of interest.. Page 39 of the Bank's 1982 catalogue of publications also contains several relevant items. If you do not have the catalogue your secretary can call the Bank's publication distribution unit to request a copy.

Yours sincerely,

Enclosures

Bela Balassa

P.S. I also enclose the culinary guide as promised.

February 8, 1982.

Professor Nicholas Wahl
Director
Professor of French Civilization
and of History
New York University
15 Washington Mews
New York, N.Y. 10003

Dear Nick,

Thank you for your letter of February 2 confirming your invitation to address your group on Wednesday, February 10th. I am sorry that you will not be able to attend my lecture and look forward to seeing you towards the end of the dinner. I also appreciate your invitation to spend the night at your apartment. I must confess, however, that I will have to leave soon after 7 o'clock to get to the 8 o'clock shuttle. There is a 10 o'clock board meeting at the Bank I will have to attend.

Yours sincerely,

Bela Balassa

February 8, 1982

Mr. C. Fred Bergsten
Director
The Institute for International Economics
11 Dupont Circle N.W.
Washington, D.C. 20036

Dear Fred,

Thank you for your letter of January 8th and the program. I may be somewhat late with the paper but it should not be much after March 1st.

Please let me know where Airlie House is located and how one gets there.

With best regards,

Sincerely yours,

Bela Balassa

1 1 61991

BRENDAN HORTON, C/O MR. NOUMILE, DIRECTOR

MINISTERE DU COMMERCE ET DE L'INDUSTRIE, RABAT, MOROCCO

RECEIVED YOUR TELEXES DATED FEBRUARY 3. LOOK FORWARD TO RECEIVING THE REPORT ON TEXTILES. THE FOLLOWING IS BEING MAILED TO YOU TODAY. 1. NOTES ON METHODOLOGY. 2. TURKEY CHAPTERS ON PRODUCTION INCENTIVES, THE FINANCING OF ECONOMIC ACTIVITY, AND SYSTEM OF TAXATION AND INVESTMENT INCENTIVE. 3. DISEQUILIBRIUM ANALYSIS FOR DEVELOPING ECONOMIES: AN OVERVIEW OF ISSUES AND TECHNIQUES. 4. FORMULA FOR DERIVING REAL EXCHANGE RATE. THE OTHER REQUESTS WILL BE TAKEN CARE OF IN THE NEXT FEW WEEKS. NOTE FINALLY THAT KRUEGER'S BOOK IS ENTITLED QUOTE TRADE AND EMPLOYMENT IN DEVELOPING COUNTRIES UNQUOTE. IT WAS PUBLISHED BY THE UNIVERSITY OF CHICAGO PRESS. REGARDS, BALASSA

CABLE

31 872

FEB. 8, 1982

BELA BALASSA

BELA BALASSA

DRC - DIRECTOR'S OFFICE

BBalassa:nc

2134 Wyoming Avenue N.W.
Washington, D.C. 20008
February 8, 1982.

The Manager
The Video Place
1129 18th Street N.W.
Washington, D.C. 20036

Dear Sir:

I became a member of the UMS Club last Monday, February 8th. On Saturday, I was told, however, that I have to pay \$3.98 per film on the weekend. This being the case, I wish to cancel my membership. Please refund the full amount paid.

Copies of the relevent receipts are enclosed. I also enclose a copy of the receipt for Saturday's rental, indicating that I paid the full price.

Yours sincerely,

Enclosures

Bela Balassa

February 8, 1982.

International Labor Office
1750 New York Avenue N.W.
Washington, D.C. 20006

Dear Sir:

I find that Todaro's Internal Migration in Developing Countries is too slim a book to warrant the price of \$11.40. I accordingly return the book with a copy of this letter and ~~my~~ bill.

Yours sincerely,

Enclosure

Bela Balassa

February 8, 1982.

Professor Carlos Diaz-Alejandro
Yale University
Economic Growth Center
52 Hillhouse Avenue
New Haven, Connecticut 06520

Dear Carlos:

I recently saw a reference to your evaluation you made on Chile's lack of success in attracting foreign direct investment. May I ask you to send me a copy of the paper in which this appears.

Thanking you in advance, I remain,

Sincerely yours,

Bela Balassa

February 8, 1982.

Mr. John Williamson
c/o Royal Institute of International Affairs
Chatham House
10 St. James Square
London SW1Y 4LE
England

Dear John,

I do not seem to be able to find my notes on our conversation concerning the contents of my paper for the Conference on IMF Conditionality. I hope that your memory is better than mine and that you can let me know what topics and at what length you would like me to handle it.

I hope that you are having a pleasant time in London. I look forward to seeing you in March.

Yours sincerely,

Bela Balassa

February 8, 1982.

Mrs. Truus W. Koopmans
Journal of Comparative Economics
Academic Press, Inc.
111 Fifth Avenue
New York, New York 10003

Dear Mrs. Koopmans:

My delay in answering your letter of January 19th has been due to my travelling abroad. I have in the meantime revised the paper "Reforming the New Economic Mechanism in Hungary." Three copies of the revised version are enclosed.

With best regards,

Sincerely yours,

Enclosures

Bela Balassa

Mr. Roland Barker, AMEX

February 8, 1982.

Bela Balassa

Refund

Due to inclement weather, my wife took a train from Paris to Lyon and hence did not use her ticket on that route. I enclose the ticket with a request for a refund.

Enclosure
BBalassa:nc

Mr. Ernest Stern, SVPOP

February 5, 1982

Bela Balassa, DEC

Advisory Missions to Morocco, Tunisia, and Turkey

1. You may find the enclosed back-to-office memos on Morocco and Tunisia of interest. It is a pleasure to work with the Tunisians, and I have also been glad to see the Moroccans moving in the directions we had suggested on incentives policy. The latest development is that the government has adopted an export incentive scheme based on our recommendations of a year ago.

2. From my conversations with Stanley Please, it appears that I may not have sent you a copy of the back-to-office memo reporting on my mission to Turkey last December. I also understand from Stanley that Gerald Alter has raised questions about the effectiveness of SAL I and the extent of the measures taken by the Turkish government in response to it. On our visit, we have found that the government has been making a number of policy changes in the directions suggested in my aide-memoire of last June; in fact, the principal revisions in putting our report in grey cover are to acknowledge the measures that have since been taken.

cc: Messrs. Stanley Please, SVPOP

Enclosures
BBalassa:nc

Mr. Goddard Winterbottom, IPA

February 5, 1982

John H. Duloy, DRC

Submission to Reprint Series

1. I recommend the following papers for inclusion in the World Bank Reprint Series:

1. Bela Balassa, "Structural Adjustment Policies in Developing Economies," World Development (forthcoming).
2. Keith Bradley and Alan Gelb, "Motivation and Control in the Mondragon Experiment," British Journal of Industrial Relations, July 1981.
3. Gershon Feder and Knud Ross, "Risk Assessments and Risk Premiums in the Eurodollar Market," Journal of Finance (forthcoming).

2. Balassa's paper is well-known; it has been presented at Bank and at Fund seminars. A brief assessment by Mr. Stern of an earlier version of the paper is enclosed. The revised version gives attention to institutional constraints in countries at lower levels of development.

3. The Bradley-Gelb paper evaluates the performance of the most important industrial cooperatives in a capitalist country, Spain. The authors' findings have relevance to socialist countries as well, in particular those that have decentralized their system of economic management (Hungary, Yugoslavia) or are contemplating such reforms (China and, possibly, Romania).

4. The Feder-Ross paper contributes to our understanding of Euro-currency markets that have become a major source of finance for middle-income developing countries. Of particular interest to these countries, and to the Bank, is the observed relationship between risk evaluation and credit terms.

Enclosures
BBalassa:nc

February 5, 1982.

Mr. Mehmet Gun Calika
Meban Securities Brokerage and Finance Corporation
Odakule Is Merkezi Istiklal Caddesi
286 Beyoglu
Istanbul
Turkey

Dear Mr. Calika:

Please excuse the delay in sending you the note I promised. I have only recently returned from Morocco and Tunisia and have been overwhelmed by urgent tasks at the Bank.

I also enclose tables on bank operating costs I promised. Please keep the table provided by the Central Bank in confidence.

With best wishes for the New Year, I remain,

Sincerely yours,

Enclosures

Bela Balassa

COPY

Mr. John H. Duloy, DRC

February 4, 1982.

Bela Balassa, DRC

Travel Expense Report

Due to delays in the Ministry of Commerce, Industry, and Tourism in Morocco providing me with the necessary documents, I had to spend Friday, January 15th preparing for my meeting with the Minister on Monday, January 18th. Correspondingly, daily expenses for the intervening weekend were accounted for as official expenses.

BBalassa:nc

Mr. John H. Duloy, DRC

February 4, 1982.

Bela Balassa, DRC

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BBalassa:nc

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February 4, 1982.

Bela Balassa, DRC

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BBalassa:nc

February 4, 1982.

Magyar Öregdiák-szövetség--Bessenyei Kör
P.O. Box 174
New Brunswick, New Jersey 08903

Dear Sir:

Please send me a copy of Béla Király's book, Az Első Háború
Szocialista Országok Között: Személyes visszaemlékezések az 1956-os
forradalomra. Please bill me at the time of delivery.

Yours truly,

Bela Balassa

February 3, 1982.

Oxford University Press
16-00 Pollitt Drive
Fairlawn, New Jersey 07410

Dear Sir:

I would like to order "The Night Before Christmas" (OUP, £3.95),
Clement Moore's 1882 poem. Please bill me at the time of delivery.

Yours truly,

Bela Balassa

le 1 février 1982

Son Excellence
M. Monsieur Moalla
Ministre du Plan et des Finances
Tunis
Tunisie

Monsieur le Ministre:

J'ai l'honneur de vous transmettre une note intitulée "Le système d'incitations pendant la période du Sixième Plan en Tunisie" que j'ai préparée à la suite de ma visite en Tunisie. Je me permets d'y joindre une copie de la lettre que j'ai adressée à Monsieur le Ministre de l'Economie Nationale concernant les projets de loi sur les sociétés d'exportation et l'assurance crédit à l'exportation.

J'ai eu beaucoup de plaisir de vous revoir et de m'entretenir avec vous sur la politique économique tunisienne. En vous remerciant de votre excellent accueil, je vous prie d'accepter, Monsieur le Ministre, l'expression de ma haute considération.

Bela Balassa

Copy to: Messrs. Fernandes and Vaurs, EM2
Messrs. Mohieddine Hamza
Ezzedine Chelbi
Kechiche

le 1 février 1982

Son Excellence
M. Abdelaziz Lasram
Ministre de l'Economie Nationale
Tunis
Tunisie

Monsieur le Ministre:

Ce fut pour moi un grand plaisir de vous revoir et de m'entretenir avec vous sur divers aspects de la politique économique tunisienne. J'ai eu en outre des réunions très utiles avec vos services.

M. Nejjib Benmilad a demandé mon avis concernant les projets de loi sur les sociétés d'exportation et l'assurance crédit à l'exportation. Je me permets de vous adresser quelques commentaires sur ces deux projets et de vous transmettre une note dans laquelle ces projets sont considérés comme deux volets importants d'un programme d'incitations à l'exportation.

Les sociétés d'exportation ont joué un rôle primordial dans le développement des exportations des pays qui ont connu un essor remarquable de leurs exportations. Ce fut le cas par exemple du Japon, de la Corée, du Brésil et, plus récemment, de la Turquie. Dans tous ces pays les sociétés d'exportation ont les mêmes privilèges que les exportateurs directs et, dans plusieurs d'entre eux, des avantages supplémentaires leur ont été accordés. Ainsi, en Turquie, toute société exportant plus que 4 millions de dollars E. U. par an reçoit une prime supplémentaire de 5 pour cent sur la valeur de ses exportations et la prime s'élève à 10 pour cent pour les sociétés qui exportent plus que 15 millions de dollars par an.

Tout en exprimant mon accord avec les dispositions du projet de loi préparé par vos services, je recommanderai qu'il leur soit apporté les modifications suivantes. D'abord, il devrait être stipulé que tous les achats des sociétés d'exportation auprès des producteurs locaux, et destinés à l'exportation, seront exonérés de la taxe sur le chiffre d'affaires. Ensuite, les sociétés d'exportation devraient se voir accorder des crédits sur leurs créances à l'étranger ainsi que des crédits de préfinancement sur leurs achats de produits locaux destinés à l'exportation. Finalement, après une période de trois ans d'exonération de la patente, les sociétés d'exportation devraient bénéficier de l'application d'un taux réduit de 20 pour cent comme les exportateurs directs, qui en bénéficient dans le cadre de la loi No. 81-56 du 23 juin 1981.

L'assurance crédit à l'exportation a fortement stimulé dans les pays en voie de développement la prospection de nouveaux marchés et l'exportation de nouveaux produits. Ceci est d'une importance particulière pour la Tunisie qui

veut augmenter ces exportations a un rythme rapide. Avec quelques modifications, le projet de loi sur l'assurance crédit a l'exportation devrait servir efficacement cet objectif. Les quelques modifications que je recommande sont les suivantes.

Au lieu de limiter l'assurance crédit aux pays nommés dans le préambule, elle devrait etre applicable a l'exportation vers tous les pays sauf cas tres exceptionnels. Il n'y a pas de raison d'exclure les Etats Unis, le Canada, et les pays d'Amérique de Sud. De meme, les petits pays arabes et africains pourraient offrir les débouchés intéressants aux exportateurs tunisiens.

Il ne me parait pas non plus souhaitable de limiter l'assurance crédit aux produits des secteurs agro-alimentaire, textile, et électro-mécanique. Il existe des potentialités d'exportation dans d'autres secteurs qui seraient désavantagés par le manque d'assurance crédit. Ainsi, l'assurance crédit devrait etre accordée a tous les secteurs, exception fait pour certains produits, tels que le pétrole et le vin, pour lesquelles elle ne parait pas nécessaire.

Enfin, la quotité garantie de 80 pour cent proposée dans le projet de loi me parait trop élevé. Afin d'éviter la surfacturation ainsi qu'un certain laxisme dans le recouvrement des créances sur l'étranger, la quotité garantie pourrait etre limitée a 60-65 pour cent.

J'espere que ces quelques commentaires, ainsi que la note ci-incluse, vous seront utiles. En vous remerciant de votre excellent accueil, je vous prie d'accepter, Monsieur le Ministre, l'expression de ma haute considération.

Bela Balassa

cc: Messrs. Fernandes and Vaur, EM2
M. Mansour Moalla
M. Mohieddine Hamza
M. Ezzedine Chelbi
M. Kechiche
~~xxxxxxxxxxxx~~
M. Nejib Benmilad
~~xxxxxxxxxxxx~~
M. Moncef Belaid

Copy of Le Systeme d'incitations pendant la periode du sixieme plan en tunisie sent to:

M. Zorgati

OFFICE MEMORANDUM

TO: Files

FROM: Bela Balassa, DRC

SUBJECT: Back-to-Office Report, Tunisia, January 19-22

DATE: February 1, 1982.

1. I went to Tunis at the invitation of the Tunisian government for discussions on incentive policies during the period of the Sixth Plan (1982-86). I met there with the Ministers of Planning and Finance, National Economy, and Agriculture and the Governor of the Central Bank; participated at interministerial meetings on export incentives, import protection, price control, and investment incentives; and had a wrap-up meeting with the Minister of Planning and Finance and his principal collaborators at the end of my visit.

2. The discussions of incentive policies focused on the relevant plan documents, the new industrial investment code, proposals for new legislation on incentives, and my March 1981 note "Quelques considérations sur le système d'incitations en Tunisie." It was indicated to me that the investment code and the legislative proposals for the creation of trading firms and for the establishment of an export credit insurance scheme reflect the recommendations made in my note.

3. At the request of the Minister of Planning and Finance, I put forward detailed recommendations on incentive policies that extend and concretize the ideas expressed in my earlier note. I have subsequently prepared a memorandum on the subject for the Tunisian government, entitled "Le système d'incitations pendant la période du sixième plan en Tunisie," a copy of which is enclosed.

cc: Messrs. Chaufournier, EMNVP; Bart, EM2; Picciotto, EMP; Fernandes, EM2;
Dubey, EMNVP; Asfour, EM2; Bachmann, EM2; Zaidan, EMP;
Ettori, EMP; Reichelt, EM2; Vours, EM2.
DPS Directors, DRC Senior Staff
Messrs. Tolbert, IDF; Pursell and Westphal DED.

BBalassa:nc

LE SYSTEME D'INCITATIONS PENDANT
LA PERIODE DU SIXIEME PLAN EN TUNISIE

BELA BALASSA

PROFESSEUR D'ECONOMIE POLITIQUE

CONSEILLER PRINCIPAL A LA BANQUE MONDIALE

INTRODUCTION

Le Sixième Plan (1982-86) envisage une croissance rapide de la production nationale en Tunisie. Ceci présuppose un essor considérable des exportations, l'amélioration de l'allocation des ressources, ainsi que l'augmentation de l'investissement et de l'épargne nationale. Cette note propose des modifications à apporter au système d'incitations qui permettraient à la Tunisie d'atteindre ces objectifs. Elle approfondit et concrétise les recommandations contenues dans la note "Quelques considérations sur le système d'incitations en Tunisie," préparée par l'auteur en mars 1981.

UN PROGRAMME D'INCITATIONS A L'EXPORTATION

L'exemple des autres pays en voie de développement qui ont connu un essor remarquable de leurs exportations et de leur production nationale, confirme la nécessité d'un programme cohérent d'incitations à l'exportation. Un tel programme exprimerait la volonté des pouvoirs publics de mettre l'accent sur le développement des exportations, ce qui requiert des mesures pour encourager les entreprises à produire et à investir en vue d'exporter. Pour atteindre cet objectif, il est nécessaire que les incitations à l'exportation soient suffisamment importantes; qu'elles soient appliquées immédiatement et simultanément; et qu'elles revêtent un caractère automatique, ainsi minimisant le rôle des décisions discrétionnaires.

Le programme proposé ci-après comporte dix volets, dont les neuf premiers pourraient être appliqués sans délai. Il prend en considération des mesures

proposées par l'Administration tunisienne sur plusieurs de ces volets, sans toutefois les citer.

1. Simplification des procédures administratives

Il serait souhaitable de simplifier les procédures administratives relatives à l'importation des matières premières et des demi-produits destinées directement ou indirectement à l'exportation et de remplacer le contrôle a priori par un contrôle a posteriori. D'autre part, l'exportation de tous les produits devrait être libérée et les prohibitions temporaires des exportations limitées aux cas d'extrême nécessité. Ceci revêt une importance particulière dans l'agriculture où la lenteur de l'administration et les interdictions fréquentes des exportations ont eu des effets défavorables.

2. Création des sociétés commerciales à l'exportation

(sociétés d'exportation)

A l'instar d'autres pays, comme le Japon, la Corée, et la Turquie, les sociétés d'exportation pourraient jouer un rôle important dans le développement des exportations non-traditionnelles de la Tunisie. Pour encourager la création de ces sociétés, elles devraient bénéficier de mêmes avantages que les exportateurs directs, y compris l'exonération de la taxe sur le chiffre d'affaires, la récupération des droits de douane, et les crédits à un taux préférentiel pour l'escompte des créances sur l'étranger ainsi que pour l'achat des produits locaux à exporter.

En outre, on devrait exonérer les sociétés d'exportation de la patente pour une période de temps déterminée, et par la suite, les faire bénéficier de l'application d'un taux réduit de 20 pour cent comme c'est le cas pour les exportateurs directs. Les sociétés d'exportation devraient également bénéficier des mêmes avantages fiscaux que ces derniers.

3. Crédits à l'exportation (mobilisation des créances)

Les banques commerciales tunisiennes ne sont plus soumises à un plafond pour l'escompte des créances sur l'étranger mais la durée de ces crédits continue à être limitée à 90 jours. Cette période devrait être prolongée, au moins lorsqu'il s'agit d'exportations de nouveaux produits ou vers de nouveaux marchés. Les exportateurs indirects, dont les produits sont transformés par l'exportateur direct, devraient également bénéficier de ces crédits.

4. Crédits de préfinancement

Actuellement, les banques commerciales ne peuvent pas accorder des facilités de préfinancement aux exportateurs qui soient supérieur à dix pour cent du montant de la commande étrangère sans l'autorisation de la Banque Centrale. Cette limite ne correspond pas aux besoins des exportateurs qui doivent financer leurs matières premières et demi-produits importés, ceux procurés localement, ainsi que les coûts de transformation.

Il serait souhaitable d'augmenter la limite actuelle au moins jusqu' à 30 pour cent et d'éliminer la condition de l'existence préalable d'une commande, ce qui réduit la flexibilité de l'entreprise. De même, des crédits de préfinancement devraient être accordés aux exportateurs indirects.

5. Crédits à moyen terme à l'exportation

Bien que dans des cas exceptionnels la Banque Centrale ait accordé des crédits à moyen terme aux exportateurs de biens d'équipement, la Tunisie a besoin d'un système de crédit à moyen terme à l'exportation. La création d'un tel système permettrait aux entreprises tunisiennes de biens d'équipement de concurrencer les firmes étrangères qui bénéficient de crédit à moyen terme à un taux avantageux. Le système devrait être appliqué aussi aux équipements de transport, tels que les wagons, et d'une façon plus restreinte aux biens de consommation durable.

6. Assurance crédit à l'exportation

L'assurance crédit contre les risques politiques et commerciaux a encouragé la prospection des nouveaux marchés et la vente de nouveaux produits dans les pays en voie de développement qui ont connu un essor rapide de leurs exportations. La création d'un tel système est aussi souhaitable en Tunisie. L'assurance crédit pourrait être fournie par un organisme qui dépendrait de la Banque Centrale, et dont le déficit des premières années devrait être pris en charge par le Budget.

L'assurance crédit serait applicable aux créances ainsi qu'au préfinancement. A quelques exceptions à déterminer à l'avance, notamment le pétrole, elle devrait être accordée à toute exportation. En même temps, pour éviter la surfacturation ainsi qu'un certain laxisme dans le recouvrement des créances sur l'étranger, l'assurance crédit pourrait être limitée à 60-65 pour cent du montant en question.

7. Prospection des marchés

La prospection des marchés par le CEPEX doit être complétée et approfondie par les exportateurs et les sociétés d'exportations. Ceci nécessiterait la participation du budget au financement des frais des missions à l'étranger. Pour les nouveaux produits et les nouveaux marchés ces frais pourraient être pris en charge dans leur totalité par le Budget; pour les autres, une double déduction du revenu imposable serait souhaitable. Pour éviter les abus, un contrôle a posteriori devrait être opéré par un organisme comme le CEPEX.

On devrait aussi faciliter l'utilisation des devises gagnées à l'étranger pour la prospection des marchés en augmentant, le plafond de 4000 dinars de CONTEFAC à 10000 dinars au moins. Finalement, une concertation s'impose sur les actions gouvernementales en matière de prospection des marchés extérieurs.

8. Crédit aux investissements pour l'exportation

Le développement rapide des exportations n'est pas concevable sans que de nouveaux investissements s'orientent vers les marchés extérieurs. Ceci nécessiterait la disponibilité de crédits à moyen terme à un taux avantageux.

Actuellement, des crédits à moyen terme à un taux de 7.75 pour cent peuvent être accordés à une entreprise qui exporte la totalité de sa production. Afin d'encourager les investissements pour l'exportation, il serait souhaitable de réduire le taux d'intérêt et d'accorder aussi ces crédits aux entreprises qui n'exportent qu'une partie de leur production. Ainsi, on pourrait moduler le taux d'intérêt selon la part de l'exportation dans la production pendant la période de remboursement du crédit.

9. Les transactions à terme

Les transactions à terme avec la Banque Centrale permettent aux exportateurs de réduire le risque causé par les variations des taux de change; mais, ces transactions sont limitées à 90 jours, ce qui n'est pas suffisant. On devrait donner la possibilité aux exportateurs de vendre des devises à terme dès la date de la commande.

10. Le taux de change

Depuis décembre 1979, le dinar tunisien a été réévalué à peu près de 10 pour cent par rapport au franc français. Cette réévaluation s'explique par la montée du dollar qui représente une proportion importante du panier de devises utilisé pour la détermination de la valeur du dinar. Ce panier devrait être révisé en augmentant la part des devises des pays où sont situés les principaux marchés pour les exportations tunisiennes où qui sont les concurrents les plus importants sur ces marchés. Le fait qu'une grande partie des transactions tunisiennes soit libellée en dollars ne devrait pas affecter dans le calcul du taux de change.

En facilitant les exportations et rencherissant les importations qui ont connu une croissance rapide, un glissement vers le bas du taux de change entraînerait une amélioration de la balance des paiements tunisienne. Ainsi, on pourrait éviter une détérioration de la compétitivité des exportations et atténuer les pressions en faveur de l'utilisation de mesures protectionnistes. Un glissement du taux de change sur une période de plusieurs années est préférable à une dévaluation par à-coups qui pourrait avoir des effets néfastes sur l'équilibre financier des entreprises et des effets en chaîne sur les prix et les salaires.

Il n'est pas possible dans le cadre de cette note d'émettre des hypothèses sur le taux éventuel d'une dépréciation du dinar, exprimée par rapport à l'évolution des prix intérieurs et internationaux. L'accent est mis plutôt sur l'utilisation du taux de change pour réduire la discrimination contre les exportations qui résulte de la protection accordée au marché national. Ceci pourrait être accompli par une dépréciation compensée par une réduction de la protection, ce qui permettrait de maintenir les prix des produits importés à leur niveau antérieur tandis que les prix à l'exportation augmenteraient au fur et à mesure de la dépréciation du dinar.

UN PROGRAMME DE LIBERALISATION DES IMPORTATIONS ET DES PRIX

Une dépréciation compensée, destinée à réduire la discrimination contre les exportations, pourrait être accomplie dans le cadre d'un programme établi sur la période du Sixième Plan (1982-86). Ce programme devrait comporter aussi le remplacement des restrictions quantitatives à l'importation par les droits de douane, une réforme de la structure douanière, ainsi que la libéralisation des prix.

Dans le cas des industries désormais établies, les restrictions quantitatives ne peuvent plus être justifiées sur la base de considérations

économiques. Ces restrictions créent également des superbénéfices pour les importateurs et leur coût économique est difficile à chiffrer. Pour éviter ces effets néfastes, et améliorer l'allocation des ressources, il serait souhaitable d'éliminer les restrictions quantitatives à l'importation pendant la période du Sixième Plan selon un programme déterminé à l'avance.

Dans un premier stade seraient levées les restrictions à l'importation des biens d'équipement et des matières premières et demi-produits qui ne sont pas manufacturés localement et ne sont pas utilisés dans la fabrication des produits de luxe. Dans un deuxième temps le programme de libéralisation viserait à l'élimination de toutes les restrictions quantitatives avant 1986, exception faite des produits des industries naissantes. Ces derniers pourraient se voir accorder une protection quantitative sur une période de cinq ans.

Dans le cas de certains produits fabriqués localement, l'élimination des restrictions quantitatives nécessiterait une augmentation des droits de douane afin d'éviter une croissance rapide des importations. L'augmentation des droits de douane devrait néanmoins rester limitée dans le temps pour qu'une discrimination accrue contre les exportations ne se matérialise.

En même temps, pour minimiser les chances de développement de la fabrication locale des produits de luxe, ceux-ci devraient être frappés par des impôts sur la consommation. Les taux de ces impôts pourrait être déterminés en fonction de l'élasticité de la demande.

Le système douanier tunisien a évolué sans un plan bien conçu et comporte des taux très variables qui ne peuvent pas être justifiés par des considérations économiques. Aussi, une réforme du système douanier s'impose. La réforme devrait comporter une réduction de l'éventail des droits de douane dans le but d'égaliser les taux de protection effective. Ces

derniers indiquent les effets nets des droits de douane sur le produit et les intrants par rapport à la valeur ajoutée aux prix internationaux.

La réforme douanière pourrait être entreprise dès que l'étude de l'Institut d'Economie Quantitative sera achevée. Les premiers résultats de cette étude pourraient aussi servir à décider dans quelle mesure il serait nécessaire d'augmenter les droits de douane en éliminant les restrictions quantitatives. Néanmoins, comme il a été indiqué ci-dessus, ces augmentations devraient rester temporaires. Ainsi, à la fin de la période du Sixième Plan un niveau de protection modéré devrait être établi, servant ainsi l'intérêt du développement économique rapide d'un pays avec un marché intérieur limité comme la Tunisie.

Une protection plus élevée pourrait être accordée à titre temporaire aux industries naissantes. Dans ce but, on devrait recourir de préférence à des mesures de promotion plutôt qu'à des mesures de protection. Ceci revêt une importance particulière dans le cas des industries de biens d'équipement. Dans ces industries, la production à une échelle optimale exige un marché plus large que celui de la Tunisie. En outre, le coût élevé des biens d'équipement renchérirait les coûts de production dans d'autres industries.

Ainsi, l'établissement d'industries de biens d'équipement dans le cadre d'un marché national restreint risque d'entraîner une production à une échelle réduite à un coût élevé; celle-ci ne pourrait pas être transformée par la suite en une production compétitive. Par contre, les mesures de promotion serviraient à réduire le prix de revient pour les ventes sur le marché national ainsi qu'à l'étranger. Les mesures de promotion pourraient prendre la forme de crédits préférentiels et de préférences fiscales, qui seront examinés ci-après.

La libéralisation des échanges rendrait le contrôle des prix superflu. Par ailleurs, ce contrôle n'a encouragé ni le progrès technique ni l'amélioration de la qualité des produits en Tunisie. Aussi, le passage de l'homologation à l'auto-homologation devrait être suivi par l'introduction de la liberté surveillée des prix industriels.

De même, la libération des prix agricoles s'impose. Ceci revêt une importance particulière pour la viande bovine, étant donné la libération du prix de la viande ovine ainsi que l'augmentation des prix de l'orge et des aliments concentrés. En général, on ne devrait pas subventionner les prix payés par la population urbaine au dépens de la population rurale.

La promotion des investissements

La promotion des investissements privés est influencée par la structure de la protection ainsi que par le statut de l'investissement. Ce statut influence aussi le choix des techniques ainsi que la localisation des investissements.

Le nouveau Code d'investissement, promulgué le 23 juin 1982, comporte des améliorations importantes sur le Code d'août 1974. Ces améliorations concernent les incitations à l'investissement pour l'exportation, le choix des techniques ainsi que la localisation des investissements.

La loi d'août 1974 n'accordait que des avantages minimes aux exportateurs -- une année supplémentaire d'exonération de la patente aux entreprises exportant plus que 10 pour cent de leur production. Par contre, la loi du juin 1981 accorde des avantages considérables à l'exportateur. Premièrement, une taxe réduite de la patente de 20 pour cent est applicable sur une proportion des bénéfices de l'entreprise égale à celle de la production exportée. Deuxièmement, la loi préconise un assouplissement du régime de l'entrepôt industriel. Finalement, elle suspend les taxes sur le chiffre

d'affaires pour les services nécessaires à la production destinées à l'exportation, ce qui n'était auparavant le cas que pour les biens.

De plus, en éliminant la bonification du taux d'intérêt, la loi de juin 1981 réduit la discrimination contre l'utilisation de la main d'oeuvre. Elle encourage aussi l'utilisation de la main d'oeuvre par une prime par emploi permanent créé, ainsi que par l'exonération de la taxe de formation professionnelle et la prise en charge de la cotisation et de la contribution patronales, respectivement, à la Caisse nationale de sécurité sociale et au Fonds de promotion du logement. Ces derniers avantages sont accordés aux investissements dans les régions défavorisées pour une période déterminée, ce qui accroît substantiellement les avantages qui leur sont accordés.

Mais, la loi du juin 1981 maintient la suspension des droits de douanes et des taxes sur le chiffre d'affaires perçus à l'importation des biens d'équipement pour tous les investissements agréés. Ces dispositions de la loi favorisent les industries et les méthodes de production capitalistiques et défavorisent l'établissement d'une industrie nationale de biens d'équipement.

Il serait souhaitable de limiter l'exonération des droits de douanes sur les biens d'équipement aux investissements dans les industries naissantes ou destinées à l'exportation. Dans le premier cas, on accorderait une subvention aux industries de biens d'équipement, qui sont les industries naissantes par excellence en Tunisie, comme il a été dit ci-dessus. Dans le deuxième cas, la discrimination contre les exportations serait davantage réduite.

En ce qui concerne les investissements dans les industries déjà établies en Tunisie, l'élimination de l'exonération des droits de douane sur les biens d'équipement importés pourrait être compensée par une réduction de la cotisation et de la contribution patronale. Néanmoins, comme ces charges sont étalées dans le temps et les droits de douane sont dus au moment de

l'importation des biens d'équipement, il serait souhaitable d'accorder un prêt à l'entreprise pour leur paiement. Le remboursement de ce prêt pourrait être modulé selon la proportion de la production exportée pendant la période de remboursement.

La loi maintient l'échelonnement de l'exonération de la patente selon le nombre des emplois créés, allant de 40 pour cent pour les investissements créant de 10 à 20 emplois permanents à 90 pour cent pour les investissements créant plus de 150 emplois permanents. Cette disposition favorise les grandes entreprises qui sont généralement plus capitalistiques et pour lesquelles le coût de création d'emploi en termes de capital investi est souvent plus élevé. Ainsi, elle va à l'encontre de l'objectif de la création d'emploi qui est poursuivi par l'octroi de primes à l'emploi dans les régions les plus défavorisées.

Finalement, on devrait accorder les mêmes avantages aux investissements de renouvellement que ceux accordés aux investissements d'extension. Il n'y a pas de raisons économiques pour différencier entre ces deux types d'investissements. En effet, les investissements de renouvellement sont nécessaires en Tunisie pour augmenter les exportations et pour faire face à la concurrence étrangère.

Comme il a été dit, le statut de l'investissement influence l'investissement privé. En ce qui concerne les investissements publics, il serait nécessaire d'évaluer les nouveaux projets d'investissement aux prix internationaux qui expriment les opportunités existantes pour un petit pays comme la Tunisie. L'évaluation de ces projets pourrait être effectuée par une unité établie à cette fin.

L'Encouragement de l'Épargne

En augmentant les bénéfices disponibles pour faire des investissements et en réduisant leur coût, les dispositions du Code d'investissement encouragent l'épargne des entreprises. Dans le même but, on devrait actualiser le taux de revalorisation de l'équipement, ce qui permettrait d'éviter une imposition sur des bénéfices fictifs.

En ce qui concerne l'épargne privée, à l'exemple de la France, le système de l'avoir fiscal devrait être établi pour éliminer les doubles impositions. Finalement, la limitation actuelle de l'exonération de l'impôt sur les revenus à 5000 dinars par livret d'épargne devrait être abolie.

Conclusions

Cette note a eu pour but de faire des recommandations sur le système d'incitations en Tunisie pour encourager les exportations et les investissements productifs. Il faut souligner que ces objectifs sont interdépendants. D'une part, la croissance rapide des exportations nécessite de nouveaux investissements. D'autre part, des incitations à l'exportation sont nécessaires pour assurer une productivité élevée des nouveaux investissements.