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THE WORLD BANK

Washington, D.C.

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CHRONOLOGICAL FILE  
November 1, 1969 - March 31, 1970

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Research on Economics and Development - Bela Balassa - Chronological Record -  
November 1969 through March 1970

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## OFFICE MEMORANDUM

TO: Mr. C. Y. Lin

DATE: March 24, 1970

FROM: Bela Balassa

SUBJECT: Comments on your "Stages of Import-Substituting Industrialization and the Orientation of Development Policies in Less Developed Countries"

I read your paper with great interest and generally agree with the conclusions you have arrived at. I feel, however, that it would need certain improvements before publication. Such improvements relate in part to the inadequate justification of some of the statements made in the text and in part to the lack of clarity at some points.

In Section I you start out with a summary of existing literature on export-based growth. This summary is generally accurate and useful but you unduly generalize from the experience of Southeast Asian economies discussed by Paauw and Fei: "Experience of this type, which has not been limited to the Southeast Asian economies examined by Paauw and Fei and more recently by Myrdal, suggests that staple export production is not in itself a sufficient stimulus to continued strong economic growth" (p.7). Indeed, had you considered the experience of countries such as Canada, Australia, New Zealand, Argentina and Denmark, you would have found that staple exports can be an important factor contributing to growth.

Incidentally, at a later point you, too, express similar views in regard to the "many newly independent countries of Africa and some countries in Southeast Asia and Latin America" (p.11). I do not see, however, the need for "the gradual taking over of the export sector activities" (p.12), presumably by domestic interests, which you consider necessary for continued development. Nor is it factually correct that many less-developed countries would have nationalized their export industries as you allege (p.9). One should not forget that increased taxation is often a better solution for a developing country than nationalization.

In Section II you discuss the transition from import substitution to export promotion. While I agree with much of what you say here I do not quite see that excess capacity would necessarily develop after domestic demand is satisfied (p.14). Also, investment in new activities will raise imports only temporarily and the sum of the imports of materials and the depreciated portion of machinery is generally less than the dollar value of the replaced imports (p.15). You further seem to assume that the foreign exchange gap is relevant in all the countries in question although the savings gap might be dominant in some of them (p.15). Finally, with appropriate measurement -- taking account of both the direct and the indirect effects of exports -- it would appear that the main source of demand in Taiwan and Korea has been provided by exports rather than by home demand (p.18) as you suggest.

In Section III you argue for incentives "in favor of import substitutes, at the sacrifice of the traditional export goods" (p.21). You do not consider, however, the important question of how much incentives are to be provided and

for how long. Your statement on page 22 notwithstanding, many of the countries following a policy of import substitution could have grown at a faster rate without than with it.

I do not see the need for a geometrical demonstration that growth can lead to a reduction in real income in the presence of protection. Johnson's proof relates to a rather particular case, the economic pre-conditions of which would have to be explored (p.22). Furthermore, the two statements made in the first full paragraph on page 23 are unrelated. The Rybczynski theorem applies to the case of a large country which can affect the terms of trade; your example notwithstanding, this is often not possible for a small country. At any rate, a decline in the domestic price of manufactures due to excess capacity is unrelated to the theorem.

I find your treatment of the choice of industry for protection in Section IV incomplete. Instead of the government trying to select industries, I would prefer applying "the market principle" under which all industries receive equal protection. The section would also benefit from a more detailed discussion of the conditions under which a country passes from one stage of development to another. This would help to explain why some countries have made a successful transition while others have not.

BBalassa:alj

le 24 mars, 1970

Mme. Marthe Nochy  
Librairie de Seine  
93 rue de Seine  
Paris 6e  
France

Chere Madame,

Je vous prie de faire expedier a mon adresse personnelle les livres indiques sur les listes ci-enclos.

En vous remerciant d'avance, je vous prie d'agreer, chere Madame, l'expression de mes sentiments les meilleurs.

Bela Balassa

Adresse Personnelle

2139 Wyoming Avenue, N.W.  
Washington D.C. 20008  
U.S.A.

Francoise de Gruson  
Jorge Semprun  
Felicien Marceau  
Roger Gararuy  
Robert Sabatier  
Montherlant  
Andre Grabar  
Ange Bastiani  
S.L.Delpal  
Patrice Mondiano  
Henri Thomas  
Roger Bordier  
Claire Gallois  
Robert Pinget  
Albert Cohen  
Andre Dhotel  
Claude Simon  
  
Joseph Bogнар

La cloture  
La deuxieme mort de Ramon Mercedes  
Creezy  
Le grand tournant du socialisme  
Les alouettes suedoises  
La ville dont le prince etait un enfant  
Byzance  
Les mauvais lieux de Paris  
Ultra-guide, Paris la nuit  
Ronde de nuit  
Relique  
Tour de ville  
Une fille cousue de fil blanc  
Passacaille  
Valeureux  
Un jour viendra  
La bataille de Pharsale  
  
Les nouveaux mecanismes de l'economie  
socialiste en Hongrie

Livres de Poches

30 0562 6	Stendal	Lucien Leuwen
30 0713 5	Flaubert	Madame Bovary
30 0747 3	P.Verlaine	Poemes saturniens suivis de Fetes galantes
30 0757 2	Balzac	Le Pere Goriot
30 0823 2	Pascal	Pensees
30 0851 3	Stendhal	La Chatreuse de Parme
30 0952 9	Balzac	La Cousine Bette
30 0964 4	V.Hugo	Les Miserables, I
30 0966 9	V.Hugo	Les Miserables, II
30 0968 5	V.Hugo	Les Miserables, III
30 1056 8	Moliere	Theatre, I
30 1068 3	Racine	Theatre, I
30 1094 9	Moliere	Theatre, II
30 1098 0	J.J.Rousseau	Confessions, I
30 1100 4	J.J.Rousseau	Confessions, II
30 1116 0	Verlaine	La Bonne chanson suivi de Romances sans paroles et de Sagesse
30 1138 4	Moliere	Theatre, III
30 1154 1	Verlaine	Jadis - Naguere - Parallelement
30 1157 4	Racine	Theatre, II
30 1179 8	Baudelaire	Le Spleen de Paris
30 1180 6	Moliere	Theatre, IV
30 1198 8	La Fontaine	Fables
30 1202 8	Corneille	Theatre, I
30 1240 8	Rabelais	Pantagruel
30 1242 4	Ronsard	Les Amours
30 1271 3	Stendhal	Chroniques italiennes
30 1326 5	Baudelaire	Les Paradis artificiels
30 1327 3	Chateaubriand	Memoires d'outre-tombe
30 1336 4	La Fontaine	Contes et Nouvelles
30 1353 9	Chateaubriand	Memoires d'outre-tombe, II
30 1356 2	Chateaubriand	Memoires d'outre-tombe, III
30 1393 5	Montaigne	Essais, I
30 1395 0	Montaigne	Essais, II
30 1397 6	Montaigne	Essais, III
30 1400 8	M. Leblanc	Les Confidences d'A.Lupin
30 1480 0	Merimee	Carmen et autres nouvelles
30 1499 0	Flaubert	L'Education sentimentale
30 1589 8	Rabelais	Gargantua
30 1665 6	Montesquieu	Les Lettres persanes
30 1701 9	Balzac	La Peau de chagrin
30 1716 7	J.Anouilh	Becket
30 1982 5	Musset	Poesies
30 2011 2	M.Yourcenar	Le Coup de grace
30 2017 9	Rabelais	Le Tiers Livre
30 2077 3	Diderot	La Religieuse
30 2117 7	M.Dekobra	La Madone des Sleepings
30 2123 5	M.Leb Blanc	La Demoiselle aux yeux verts
30 2198 7	A.France	Contes de Jacques Tournebroche
30 2207 6	J.Giraudoux	Amphytrion 38
30 2247 2	Rabelais	Le quart livre
30 2381 9	S.de Beauvoir	Les mandarins, I

30 2429 6	P.Leautaud	Le petit ami
30 2443 7	M. Duras	Un barrage contre le Pacifique
30 2456 9	J.de Bourbon-Busset	Les aveux infideles
30 2486 6	A.Schwarz-Bart	Le dernier des justes
30 2489 0	Rabelais	Le cinquieme livre
30 2499 9	S.de Beauvoir	Les mandarins, II
30 2542 6	A.France	Les opinions de M.Jerome Coignard
30 2566 5	V.Leduc	La Batarde
30 2574 9	S.Japrisot	Compartiment tueurs
30 2591 3	A.Hure	Les deux moniales
30 2595 4	V.Hugo	Odes et Ballades
30 2603 6	A.Sarrazin	Le cavale
30 2620 0	E.Ionesco	Rhinoceros
30 1922 1	H.Focillon	Art roman
30 1923 9	H.Focillon	Art gothique
30 1943 7	J.Laude	Arts de l'Afrique noire
30 2637 4	C.Rochefort	Les petits enfants du siecle



March 26, 1970

Mr. Raymond S. Hartman  
Massachusetts Institute of Technology  
Economics Department  
77 Massachusetts Avenue  
Cambridge  
Mass. 02139

Dear Mr. Hartman:

I regret that I cannot help you in regard to summer employment at the World Bank, and I shall be out of the country myself so could not see you.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 24, 1970

Kultura Konyv es Hirlap  
Kulkereskedelmi Vallalat  
Budapest 62,  
POB 149  
Hungary

Dear Sirs,

I wish to order the 1968, 1969 and 1970 issues of the following periodicals. I enclose a cheque for \$42.00 as payment. I would appreciate it if you could dispatch these periodicals as soon as possible. They should be sent to my home address, which is:

2139 Wyoming Avenue, N.W.  
Washington, D.C. 20008  
U.S.A.

The periodicals in question are:

Kozgazdasagi Szemle  
Penzugyi Szemle

Sincerely yours,

Bela Balassa

March 25, 1970

Mr. Caleb Smith  
Laird, Bissell & Meeds Inc.  
Du Pont Building  
Wilmington  
Delaware 19899

Dear Caleb:

I wish to ask you to send me the stock certificates for the 500 shares of Rollins International which I have on my account with you. May I ask you simultaneously to close the account.

Sincerely yours,

Bela Balassa

March 24, 1970

Mr. Francisco Martin-Bourgon  
Avda. de Baviera 12  
Parque de las Avenidas  
Madrid 2  
Spain

Dear Mr. Martin-Bourgon,

I have explored the possibility of your joining the Domestic Finance Division ~~at~~ the Economics Department of the Bank. I am afraid that there is no vacancy at this time and it is unclear if there will be one in the near future. As regards other Divisions, previous experience is a condition of appointment.

While there are no possibilities at the Bank for the present time, I would suggest that you contact the International Monetary Fund if you are interested.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

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

le 24 mars, 1970

Credit Lyonnais  
AD.141 Avenue Mozart  
Paris 16  
France

Monsieur:

Veillez trouver ci-enclos un cheque de  
600 Deutsche Mark dont le montant doit etre cre-  
dite a mon compte No. 738093 C.

Salutations distinguees.

Bela Balassa

March 24, 1970

Chairman  
Library Commission  
Inter-American Defense College  
Fort Lesley J. McNair  
Washington D.C. 20315

Dear Sir:

I suggest the following two books that  
are pertinent to my lectures:

Bela Balassa, The Theory of Economic  
Integration, R. D. Irwin Inc., 1818  
Ridge Road, Homewood, Ill. 60430.

Bela Balassa, Economic Development and  
Integration, Committee for Economic De-  
velopment, 477 Madison Avenue, New York,  
N.Y. 10022.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 24, 1970

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

Dear Professor Giersch,

I accept with pleasure your invitation to participate in the conference on "Changing Structures in the World Economy" in Kiel on June 8 and 9, 1970. Inasmuch as I will be going to Israel on Bank business, it will be possible for the World Bank to cover the expenses of my trip.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

cleared with and cc. Mr. Kamarck  
cc. Mr. Stevenson

BBalassa:alj

March 24, 1970

Professor Andrew C. Gross  
Cleveland State University  
College of Business Administration  
Cleveland  
Ohio 44115

Dear Professor Gross:

Thank you for your letter of March 13. At the present time I don't have reprints of my QJE article but I enclose a copy of the mimeograph version. Also enclosed is a copy of my paper on the Hungarian reform which will be published in the February issue of Economica.

I would be interested to know how your plans progress concerning a visit to Hungary. I plan to go there myself in the summer.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



March 24, 1970

Mr. Termote  
Institut de Recherches Economiques,  
Sociales et Politiques  
Universite Catholique de Louvain  
Leuven  
Belgium

Dear Mr. Termote,

In an article two years ago Professor Glejser made reference to a paper of yours on migration which contains bibliography of the subject. I would appreciate it if you could send me a copy of this paper and of any further papers you might have written on the application of gravitational models to migration.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

March 24, 1970

Professor Herbert Glejser  
50 Craigie Street  
Somerville, Mass. 02143

Dear Professor Glejser,

I am delighted to know that you are in the States and I very much hope that you will visit me in Washington. I am just leaving for a ten-day trip to Latin America but will then stay here until the end of the term. Please give me a call if you come (office: DUL.2781, home: 265.0539).

I appreciate your sending me the reprint of your paper on migration. I gave it to my student to read.

With sincere regards,

Bela Balassa

March 24, 1970

Professor Ernest Nadel  
University of California  
Department of Economics  
Berkeley, Cal. 94720

Dear Professor Nadel:

I enclose the names and addresses of individual contributors to the "Structure of Protection in Developing Countries" study. I am also sending you under separate cover the entire set of chapters.

I found your notes on Ruffin of interest. We seem to be thinking along similar lines. I enclose a comment of mine that will be published in the American Economic Review.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

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

March 23, 1970

Riggs National Bank  
1750 Pennsylvania Avenue N.W.  
Washington, D.C.

Dear Sirs:

Please note that my home address has changed from  
2500 Q Street N.W. to the above. Will you kindly mail  
statements etc. to the new address.

Sincerely yours,

Bela Balassa

March 20, 1970

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

Dear John:

I would appreciate it if you would send me  
copies of the following books:

Kovrig, The Hungarian People's Republic  
Levitan, Programs in Aid of the Poor for the  
1970s  
Ruttenberg, Manpower Challenge of the 1970s  
Levitan et. al., Economic Opportunity in the  
Ghetto  
Klarman, Empirical Studies in Health Economics  
McLoughlin, African Food Production Systems  
Arrow, Kurz, Public Investment, The Rate of  
Return, and Optimal Fiscal Policy  
Grunwald, Musgrove, National Resources in  
Latin American Development

Sincerely yours,

Bela Balassa

Mr. Jack Lowther

March 20, 1970

Bela Balassa

Travel arrangements for Dr. Augustine Tan

Mr. Tan will participate in a meeting on the methodology of the "Development Strategies in Semi-Industrial Countries" project in Washington between May 1 and 5. En route from Singapore he plans to visit several universities and has asked for a ticket urgently. I suggest that we send him an open ticket, and since he expects to leave on April 7 the matter should be handled immediately.

BBalassa:alj

March 18, 1970

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

Dear Sirs:

Will you please send me one copy of  
the following in paperback:

D. S. Landes, The Unbound Prometheus

Sincerely yours,

Bela Balassa  
Professor of Political Economy

March 19, 1970

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

Dear Sirs:

Please send me one copy of Sukhamoy Chak-  
ravarty, Capital and Development Planning.

Sincerely yours,

Bela Balassa  
Professor of Political Economy



March 18, 1970

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

Dear Mr. Lamm:

Please will you send Mr. Balassa ten more  
copies of the revised "Changing Patterns in Foreign  
Trade and Payments".

Sincerely yours,

Secretary to  
Bela Balassa

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

March 16, 1970

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

Dear Mr. Liebling:

Professor Balassa will return from Spain on Thursday, March 19. His flight arrives at Kennedy at 3.55 p.m. and he expects to go to see you directly from the airport. With delays in customs etc. he will probably get to your office around 5.30.

I enclose a list of Professor Balassa's stocks which he will be transferring to your firm.

Sincerely yours,

Secretary to  
Bela Balassa

Stock portfolio  
of  
Mr. and Mrs. Bela Balassa

100	American Smelting	NYSE
10	IBM	NYSE
50	Daman Engineering	ASE
50	International Chemicals and Nuclear	ASE
200	Lomas Nettleton	OTC
100	Hycell Inc.	OTC
100	Medical MG	OTC
50	Sonderling Broadcasting convertible bonds	ASE

March 13, 1970

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

Dear John:

The reason you did not receive further copies of your chapters is that I have not yet made the final revisions of the country chapters. I expect to do this in the course of April and then you will have the final copies of all such chapters. The general chapters will be revised in the course of May and June.

I am sending you nevertheless one copy each of your chapters as they stand now in case you need extra copies.

Sincerely yours,

Bela Balassa

March 13, 1970

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

Dear Dr. Schydrowsky:

I enclose your air ticket for South America. It seems that after all you will be receiving your advance in the form of traveller's checks. You will receive a telephone call from our Accounts Department telling you that you can pick them up in the Boston office of American Express. An amount of \$500 has been requested.

Photostats of the correspondence with Mr. Thouni are enclosed.

Sincerely yours,

Anne Jeffery

March 13, 1970

Dr. Eduardo Andres Zalduendo  
Secretario CONADE  
Ministerio de Economia y Trabajo  
Hipolito Irigoyen 250  
Buenos Aires  
Argentina

Dear Mr. Secretary:

Following conversations that Mr. Daniel Schydrowsky had with Mr. Dagnino Pastore, we shall be coming together to Buenos Aires to discuss the possibility of including Argentina in our study of the "Development Strategies in Semi-Industrial Countries". We will be arriving on the evening of March 30 and will telephone you the next day to find out when it is convenient for you to receive us.

With best regards.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

March 13, 1970

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

Dear Dani:

My assistant tells me that she has sent you tables that contain free trade value added derived from the domestic input-output tables for individual industries ( $w_{zc}$  in the tables).

We now enclose tables that contain the domestic value added from which the free trade value added has been derived.

Sincerely yours,

Bela Balassa

P.S. I will be arriving in Bogota on Thursday, March 26 at either 10.42 a.m. (waitlisted for EA.131 from Baltimore March 25) or at 5.05 p.m. (AV.53 from Kennedy at 11.00 a.m. March 26). Will you please invite the potential collaborators for dinner on Thursday, March 26.

March 13, 1970

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

Dear Mr. Gottinger,

Thank you for your letter of March 2. I am sorry that I cannot promise an article for your Year Book earlier than next fall but perhaps it will be possible for your publisher to adjust the deadline.

I would indeed like to come to Munich for a few days but this will not be possible on the occasion of my visit to Hungary in the summer. I am participating in a conference in Kiel and will have to go directly from there to Budapest. I plan, however, to be in Europe in the first half of 1971 and could pay a visit to you then. I hope to see you in the meantime in Washington.

I do think that you could find interesting and worthwhile work at the International Bank, either in the Economics Department or in the Basic Research Center. Please tell me more about your interests and background. It might be useful if I could have your curriculum vitae with a list of publications.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



March 13, 1970

Professor Franklyn D. Holzman  
Department of Economics  
Tufts University  
Medford  
Mass.

Dear Frank:

I was terribly sorry to hear about your mishap. I can understand what it means to lose all of one's books and material. I know that you have been collecting data on a number of countries for future work and such data are often irreplaceable.

I am sending you under separate cover a copy of my book on the Hungarian experience in economic planning and a copy of my book of readings, "Changing Patterns in Foreign Trade and Payments", as well as copies of those articles where I have reprints left. I am afraid I don't have duplicates of other books.

You wrote to me earlier about your plans to be in Paris. I, too, expect to be there in July and would like to know when and where I could find you.

Sincerely yours,

Bela Balassa

March 13, 1970

Mr. Alfred G. Parmelee  
Summit Management & Research Corp.  
437 Madison Avenue  
New York  
N.Y. 10022

Dear Fred:

I understand that, in its present depleted state, my account does not warrant individual supervision. It may be an appropriate time therefore to terminate our advisory agreement.

Sincerely yours,

Bela Balassa

March 13, 1970

The Editor  
Economic Development and  
Cultural Change  
University of Chicago  
1130 East 59th Street  
Chicago, Ill. 60637

Dear Sir:

I received a paper by Marie Currie, "A Note on Special Tariff Preferences Between the European Economic Community and Associated African States" in the mail. I presume it was sent to me for refereeing. I am returning it with this letter.

I do not recommend publication of the paper. It is rather naive; it disregards price effects and, apart from the last page, it takes no account of differences in the commodity composition of exports. The effects of tariff preferences should be handled in a much more sophisticated way.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor SS Political Economy  
The Johns Hopkins University

March 13, 1970

Professor Morris Bornstein  
University of Michigan  
Department of Economics  
Ann Arbor  
Michigan 48104

Dear Professor Bornstein:

I am afraid that I would find it difficult to stay for the three days of the Conference now scheduled for Monday to Wednesday, November 16 to 18. The Conference originally would have taken only two weekdays and it is now to take three, including Wednesday when I am occupied with teaching seminars and faculty meetings the entire day.

I suspect that other people might have the same problem since it is difficult to get away from one's teaching for three entire days. May I suggest that you re-schedule the Conference so that it covers at least part, but preferably the whole, of the weekend. An appropriate solution seems to be Saturday, Sunday, Monday, November 14-16, or Sunday, Monday, Tuesday, November 15-17.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 13, 1970

Mr. Edward Gramlich  
Board of Governors of the  
Federal Reserve System  
Washington, D.C. 20551

Dear Mr. Gramlich:

I wish to recommend Mr. McFarland for a position with the Board of Governors of the Federal Reserve System. Mr. McFarland was a student of mine in the International Economics course and I am presently supervising his dissertation. He has shown himself an able and conscientious student who can carry out research on a high level. I do think that he could do an excellent job at the Fed.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

March 13, 1970

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

Dear Sirs:

I have received your invoice Z.46249 dated February 27. Please note that I have asked for the books to be sent to my home address but the amount of the bill should be debited to my account with you that is under my university address (see above).

I believe that I have a credit balance on that account and the amount of the present bill should be deducted from it.

Sincerely yours,

Bela Balassa

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

Mr. Alexander Stevenson

March 13, 1970

Bela Balassa

1970-71 Budget for "Development Strategies in Semi-Industrial Countries" Project

I enclose the proposed budget for the "Development Strategies in Semi-Industrial Countries" project. The budget includes tentative estimates of all expenditures to be incurred during three fiscal years, 1969-70, 1970-71, and 1971-72. In the departmental budget for 1969-70, \$20,000 was allowed for the project. I would like to request allocations of \$30,000 - \$30,000 for the next two fiscal years.

BBalassa:alj

Development Strategies in Semi-Industrial Countries

Budget, (1969/70-71/72)

(\$ thousand)

	<u>Fees</u>	<u>Research Assistance</u>	<u>Travel</u>	<u>Together</u>
Singapore	6	-	4	10
Taiwan	5*	5	1	11
Korea	10	3	3	16
Israel	9	5	1	15
Argentina	9	3	2	14
Colombia	9	3	2	14
	<u>48</u>	<u>19</u>	<u>13</u>	<u>80</u>

\*Includes fee of principal collaborator



also sent: Shamrock Fund  
NY Venture Fund  
Market Growth Fund

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

March 12, 1970

Columbia Growth Fund  
American Bank Building  
621 S.W. Morrison Street  
Portland, Ore. 97205

Dear Sirs:

I would appreciate receiving information on your Fund at my home address. Please let me know also if you sell shares in the District of Columbia or the state of Maryland.

Sincerely yours,

Bela Balassa

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

March 12, 1970

Mr. E. Nathan  
Illums Bolighus As  
Anagertorv  
1160 Copenhagen K  
Denmark

Dear Mr. Nathan,

Will you please advise me if the shelves  
I ordered have been sent yet? If not, when do  
you plan to send them?

Sincerely yours,

Bela Balassa

March 12, 1970

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

Dear Professor Williamson:

This is to order 150 copies of my paper to appear in the May issue of the Papers and Proceedings of the American Economic Review over and above the 50 copies we are to receive free. We would like to receive all reprints with covers. They should be sent to the following addresses:

125 copies to: Bela Balassa  
World Bank  
1818 H Street N.W.  
Washington D.C. 20433

75 copies to: Trent Bertrand (co-author)  
The Johns Hopkins University  
Department of Political Economy  
Baltimore, Md. 21218

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

March 12, 1970

Houghton Mifflin Co.  
Wayside Road  
Burlington  
Mass. 01803

Dear Sirs:

I requested that you send me Leeman's "Capitalism, Market Socialism, and Central Planning", and Krause's "International Economics and Business" since both books reprint one of my papers. Given my contribution to the two volumes I do not wish to pay for them and therefore I am returning the bill.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

le 11 mars, 1970

Institut National de la Statistique  
et des Etudes Economique  
Paris  
France

Monsieur,

A l'Universite de Johns Hopkins nous sommes en train de preparer une etude sur l'immigration dans les principaux pays de l'Europe. Dans l'Annuaire Statistique de la France, nous avons trouve quelques donnees sur l'immigration dans votre pays. Nous vous adressons la demande de bien vouloir nous envoyer les donnees plus detailles. Nous aurions besoin des statistiques sur l'immigration pendant les annees 1960-1968 en provenance de l'Italie, l'Espagne, le Portugal, la Grece, la Yougoslavie, la Turquie, et des pays francophones.

En attendant votre reponse, je vous prie a croire, Monsieur, a mes sentiments distingues.

Bela Balassa  
Professor of Political Economy

le 10 mars, 1970

Office National d'Immigration,  
Paris,  
France

Monsieur,

A l'Universite de Johns Hopkins nous sommes en train de preparer une etude sur l'immigration dans les principaux pays de l'Europe. Dans l'Annuaire Statistique de la France, nous avons trouve quelques donnees sur l'immigration dans notre pays. Nous vous adressons la demande de bien vouloir nous envoyer les donnees plus detailles. Nous aurions besoin des statistiques sur l'immigration dans les annees 1960-1968 en provenance de l'Italie, l'Espagne, le Portugal, la Grece, la Yougoslavie, la Turquie, et des pays francophones.

*pendant*

En attendant votre reponse, je vous prie a croire, Monsieur, a mes sentiments distingues.

Bela Balassa  
Professor of Political Economy

March 10, 1970

Professor B. S. Yamey  
Editor  
Economica  
London School of Economics  
Houghton Street  
Aldwych  
London W.C.2.  
England

Dear Professor Yamey,

Please excuse the delay in sending you a revised version of my note, "The Impact of the Industrial Countries' Tariff Structure on Their Imports of Manufactures from Less Developed Areas: A Reply". Due to personal and official matters, I was unable to get to it earlier. May I add that I confined the revision to matters of presentation.

The original and a xeroxed copy of my note are enclosed.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

## OFFICE MEMORANDUM

TO: Messrs. Fuchs/Kalmanoff, Qureshi, Gulhati

DATE: March 10, 1970

FROM: Andrew M. Kamarck

SUBJECT: Bela Balassa's "Industrial Protection in Developing Countries"

The original version of the enclosed paper was prepared for Mr. McNamara last summer. At Michael Hoffman's suggestion we have revised the paper for issuing it in blue covers and distributing it in this form to the Board. The revised version of the paper incorporates some of the conclusions of Mr. Balassa's study "The Structure of Protection in Developing Countries".

I would appreciate having your comments on this paper. Comments received before March 31 could be taken into account when writing the final version.

cc. Mr. Stevenson  
Mrs. Hughes

BBalassa:alj



March 10, 1970

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

Dear John:

Klein's report on the Kurihara manuscript is fine and I recommend publication.

Sincerely yours,

Bela Balassa

March 10, 1970

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

Dear John:

I enclose two copies of some detailed comments on chapters I-IV of Roger D. Hansen's "Mexican Economic Development: Today's 'Miracle' and Yesterday's Heritage". Let me add that I continue to be unhappy with the low level of the economic analysis in the book and, while I do not expect major improvements, I trust that you will prevail on Mr. Hansen to correct glaring errors and omissions.

Sincerely yours,

Bela Balassa

cc. Professor Robert Tucker

March 10, 1970

Professor Gustav Ranis  
Department of Economics  
Yale University  
New Haven  
Connecticut

Dear Gus:

I enclose a copy of my evaluation of Carnoy's study together with reports prepared by Irma Adelman, David Cole and myself on Korea last August, and my report prepared in December 1969. Please return the Balassa-Adelman-Cole report and retain the others.

Carol and I enjoyed the dinner with you and hope to see Rachel on the next occasion.

Sincerely yours,

Bela Balassa

Mr. Alan Manne

March 10, 1970

Bela Balassa

Dear Alan,

It seems best for everybody if we had dinner at Hopkins. I suggest that you take the 6.00 p.m. metroliner train which arrives in Baltimore at 6.32. Carl and I will be at the station to meet you.

It usually takes me 15 to 20 minutes by taxi to get to the station from the Bank. Traffic might be slower around 5.30 and you might also have to wait 5 to 10 minutes for a cab. To be on the safe side, I would suggest therefore that you leave the Bank at 5.20 or so. I called Goreux to find out about the time the meeting is ending and he said that he has no objections to your leaving earlier.

Should there be any change in your plans, please tell my secretary (Miss Jeffery, ext.2781). In the unlikely event that you were to miss the train, please call Carl Christ (301/366-3300).

I enclose a ticket for the metroliner.

1500 New Hampshire Ave

20036

Mr. J. H. Collier

March 10, 1970

Bela Balassa

Calculations of Effective Protection

I suggest sending the following telegram to Mr. Walinsky:

BALASSA WILL SUPERVISE CALCULATIONS OF EFFECTIVE PROTECTION  
FOLLOWING YOUR RETURN TO WASHINGTON STOP REQUESTS YOU COL-  
LECT DATA ON TARIFFS AND SALES VALUES STOP LETTER FOLLOWS

I also enclose a memo to Mr. Walinsky you may wish to send  
to him.

BBalassa:alj

Mr. Louis Walinsky

March 10, 1970

Bela Balassa

Calculations of Effective Tariffs

1. I would be glad to supervise calculations of effective protection following your return to Washington. According to present plans, I would leave Washington on June 10 for a protracted period. It would be useful if the bulk of the work on effective tariffs could be completed before my departure.

2. I enclose chapters 1 and 2 of my protection study which provide information on the methodology utilized. The reading of these chapters may be helpful in collecting the appropriate data for estimating effective tariffs. In particular, we need the tariff schedule and weights for averaging tariffs according to the industrial classification scheme. As indicated in the chapters, it would be desirable to use the value of sales as weights. Should such figures not be available in the appropriate breakdown, import weights may be applied.

3. Calculations of effective protection may be made by the use of domestic input-output tables or by applying "borrowed" input-output coefficients. If domestic tables are not available or are not sufficiently detailed, it would be useful to collect information on the value of the major commodities including the value of intermediate inputs, wages, depreciation and profits. Further calculations could be made by the use of the free trade coefficients referred to in my chapters.

*inputs*

BBalassa:alj

Messrs. Fuchs/Kalmanoff, Qureshi, Gulhati

March 10, 1970

Andrew M. Kamarck

Bela Balassa's "Industrial Protection in Developing Countries"

The original version of the enclosed paper was prepared for Mr. McNamara last summer. At Michael Hoffman's suggestion we have revised the paper for issuing it in blue covers and distributing it in this form to the Board. The revised version of the paper incorporates some of the conclusions of Mr. Balassa's study "The Structure of Protection in Developing Countries".

I would appreciate having your comments on this paper. Comments received before March 31 could be taken into account when writing the final version.

cc. Mr. Stevenson  
Mrs. Hughes

BBalassa:alj

Mr. Pierre Esmiol

March 9, 1970

Bela Balassa

Translation of "Industrial Protection in Developing Countries"

As I indicated to you on the telephone, in the revised version of "Industrial Protection in Developing Countries" I have added a new section based on the results of the effective protection study I have directed at the Bank over the last three years. It would be useful if this section were translated into French and added to the other parts already translated. The title of the section is "Effects of Protection Policies in Developing Countries" and it runs to 17 pages.

I will look at the earlier translation in the next week or two and will make appropriate corrections so as to make it compatible with the revised version of the paper I am enclosing.

BBalassa:alj



March 9, 1970

Mr. Robert G. Hazo  
Senior Editor  
Encyclopaedia Britannica  
425 North Michigan Avenue  
Chicago  
Illinois 60611

Dear Mr. Hazo:

In reference to our telephone conversation last Friday, I would like to inform you of my intention to write the article on tariffs for Encyclopaedia Britannica in cooperation with Mr. Trent Bertrand. Mr. Bertrand is an assistant professor at Johns Hopkins University; he has written several articles on the theory of international trade.

I trust you will find this arrangement convenient. I enclose a curriculum vitae as requested.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 9, 1970

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

Dear Mr. Irastorza,

Thank you for your invitation to collaborate with you in working on the Third Development Plan for Spain. I would have liked to do so but due to other obligations I will not be able to accept your invitation at this time. I would be glad, however, to give you some suggestions as to people with an interest in planning models. I will be in Madrid from March 15 to 19 as a participant in an international conference on optimum currency areas. We could perhaps talk about this at that time.

I am sorry to have missed you during your stay in Washington and hope to have the occasion to see you during my visit to Madrid.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department


c.c. Messrs. Kamarck  
Thompson  
Horsley

BBalassa:alj

## OFFICE MEMORANDUM

TO: See distribution below

DATE: March 6, 1970

FROM: Bela Balassa SUBJECT: "Industrial Policies in China and Korea: A Technical Note"

Enclosed is a draft of "Industrial Policies in China and Korea: A Technical Note" that is being prepared for Mr. McNamara. Tables will follow on Monday.

Any comments received by 5.30 p.m. on Thursday next, March 12, would be appreciated.

cc: Messrs. Kamarck  
Stevenson  
Hughes

Fontein  
McDiarmid  
Street  
Kraske

Kalmanoff  
Christoffersen

BBalassa:alj

March 6, 1970

Prof. Stephen Guisinger  
Harvard University  
Development Advisory Service  
1737 Cambridge Street  
Cambridge Mass. 02138

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

Dear

In regard to your joint JPE article, "The Effective Rates of Protection and the question of Labor Protection in the United States: A Comment", will you please complete the enclosed form and return the white copy to:

Miss Elaine Levin  
Journal of Political Economy  
SS 401 E  
1126 E. 59th Street  
Chicago, Ill. 60637 (by airmail)

Sincerely yours,

Secretary to  
Bela Balassa

March 6, 1970

The Editor  
Journal of Political Economy  
SS 401 E  
1126 E. 59th Street  
Chicago, Illinois 60637

Dear Editor:

I enclose a corrected copy of the paper written jointly with Stephen Guisinger and Daniel Schydrowsky, together with the signed Consent to Publish form. I sent the remaining two forms to my co-authors with the request that they return them to you directly.

On page 2 you queried the "CES production function". This is an abbreviation generally used in the literature but if you wish it can be replaced by "Constant-Elasticity-of-Substitution". I agree with all other changes made including the addition of footnote 1.

*production  
function*

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 6, 1970

Bureau Federal de Statistique  
Berne  
Switzerland

Dear Sirs,

In the Economics Department of the Johns Hopkins University we are conducting a research project which is concerned with labor migration in Europe since 1960. On page 84 of the 1968 edition of Statistique Annuaire du Suisse there appears a table with the designations "Premieres autorisations de sejour delivrees a des etrangers exerçant ou non une activite lucrative" which includes a breakdown according to nationality for the year 1967.

We are most interested in obtaining similar data for the number of Italians and Spaniards in Switzerland for as many years back to 1960 as are available. Are these data for "premieres autorisations" available for the years before 1967?

Sincerely yours,

Bela Balassa  
Department of Political Economy

March 6, 1970

Bundesamt für Industrie, Gewerbe und Arbeit  
Sektion Sozialstatistik  
Berne  
Switzerland

Dear Sirs,

In the Economics Department of the Johns Hopkins University, we are conducting a research project which is concerned with labor migration in Europe since 1960. On page 84 of the 1968 edition of Statistique Annuaire de Suisse there appears a table with the designations "Premieres autorisations de sejour delivrees a des etrangers exerçant ou non une activite lucrative" which includes a breakdown according to nationality for the year 1967.

We are most interested in obtaining similar data for the number of Italians and Spaniards in Switzerland for as many years back to 1960 as are available. Are these data for "premieres autorisations" available for the years before 1967?

Sincerely yours,

Bela Balassa  
Professor of Political Economy

Mr. Michael Hoffman

March 4, 1970

Bela Balassa

"Structure of Protection in Developing Countries"

I understand and share your qualms concerning the use of an absolute figure as a benchmark for effective protection. In revising the chapter I plan to qualify this figure further and am also considering deleting it altogether.

I also plan to expand the recommendations contained in chapter 5. These, incidentally, are almost word-for-word the same as those contained in the paper "Industrial Protection and Project Selection in Developing Countries" prepared for Mr. McNamara which you kindly commented on earlier. At that time, you suggested that the paper be circulated to the Executive Directors and I am now preparing a blue cover version of it.

You are entirely correct in your comments on economies of scale in fertilizer. Finally, it appears that one of my statements on the question of real exchange rates (p.34 of ch.5) was open to misinterpretation. I meant to suggest an adjustment only in cases of "possible future changes" in foreign aid or in capital flows and not for the case when such flows are expected to continue in the future.

BBalassa:alj



March 3, 1970

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

Dear Dr. Lee,

Many thanks for your letter of February 11. I have asked the Personnel Department to send an advance for one third of your research budget. You should receive it shortly.

I look forward to hearing about the progress of the study.

Sincerely yours,

Bela Balassa

HOPKINS

March 3, 1970

Department of Aviation  
Friendship International Airport  
Maryland 21240

Dear Sirs:

I would appreciate receiving your  
flight schedule on a regular basis at the  
above address.

Sincerely yours,

Bela Balassa  
Department of Political Economy

March 3, 1970

Professor J. M. Naharro  
Paseo de la Castellana 20  
Madrid 1  
Spain

Dear Professor Naharro,

I will be arriving in Madrid to attend the conference on "Optimum Currency Areas" on Sunday, March 15 and will stay until Thursday, March 19. I will fly by Iberia Airlines both ways (New York/Madrid, flight 952, March 15; Madrid/New York, flight 951, March 19). I would appreciate it if you would inform the Washington office of Iberia Airlines that they should issue a ticket for me. The ticket should include the Washington/New York and New York/Washington portions which I will fly with one of the U.S. domestic airlines. In the meantime I will make reservations with Iberia Airlines for the flights indicated.

I will also appreciate it if you would make reservations for me at the Hotel Luz Palacio for the duration of my stay.

With best regards,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

cc. Robert Mundell

March 3, 1970

Professor Michael C. Lovell  
Wesleyan University  
Department of Economics  
Middletown  
Conn. 06457

Dear Mike:

I will be glad to referee John Patrick's  
"Establishing Convergent Policy Assignment" for  
the Review of Economic Studies. You will have  
my report within a month.

Sincerely yours,

Bela Balassa

March 3, 1970

Professor Paul Kuznets  
Department of Economics  
Indiana University  
Ballantine Hall  
Bloomington  
Indiana 47401

Dear Paul:

Many thanks for your letter of February  
24th. I will get copies of your chapters from  
AID.

Sincerely yours,

Bela Balassa

March 3, 1970

Mr. Alfred O. Hero  
World Peace Foundation  
40 Mt. Vernon Street  
Boston  
Massachusetts 02108

Dear Mr. Hero:

Thank you for your invitation to attend the colloquium sponsored by the World Peace Foundation. I am afraid, however, that due to other obligations I will not be able to attend.

With best wishes for the conference, I remain,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

March 3, 1970

Professor Rondo Cameron  
Emory University  
Department of Economics  
Atlanta  
Georgia 30322

Dear Rondo:

Many thanks for your note. I will send you reprints of my QJE and Economica papers as soon as I receive them.

Sincerely yours,

Bela Balassa

March 3, 1970

Professor Herbert Grubel  
University of Pennsylvania  
Wharton School of Finance & Commerce  
Philadelphia  
Pennsylvania 19104

Dear Herbert:

Many thanks for your letter of February 19th. Your research project looks very interesting but I am afraid it would not fit the research program of the Bank. I am told, however, that the NSF is getting a larger appropriation and you should have a good chance in obtaining financing from them.

Keep me apprised of what you are doing.  
With best regards,

Sincerely yours,

Bela Balassa



February 26, 1970

Professor Larry Westphal  
c/o Mr. Thomas Olmsted  
USAID Economic Branch  
United States Mission - Korea  
APO San Francisco 96301, Cal.

Dear Larry:

Please accept my congratulations on the birth of your daughter. Carol is sending her best wishes to Myrt and we look forward to seeing Susan Michelle and the two of you in the summer.

To get down to business, I have asked today that the contracts for you and Kim Mahn Je be prepared as agreed. We put the entire amount for research expenses into Kim's contract since I assume that he will make the payments. Should you wish to change this, please let me know by return mail. May I also ask you to send me by airmail the latest edition of "Major Economic Indicators". I would also urgently need 1968 data on Korean exports and imports for the commodities listed separately.

I am happy to see that you have made good progress in the study and that you are getting cooperation from the various governmental agencies. I am also glad to note that the study will play a role in the planning process.

I enclose a copy of this letter to Kim Mahn Je together with my note to him.

Sincerely yours,

Bela Balassa

cc. Kim Mahn Je

P.S. Do you have the 1968 input-output table for Korea? If so, I would appreciate your sending me a copy with the other material.

February 27, 1970

Professor Mahn Je Kim  
c/o Professor Larry Westphal  
USAID Economic Branch  
United States Mission - Korea  
APO San Francisco 96301, Cal.

Dear Professor Kim Mahn Je:

Thank you for your recent letter. Everything you say is fine with me except that I have not yet been able to make arrangements for the payment of your fee in the way you request. I will go after that next week and am confident of having results by the time you receive your contract.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Requested Import Data for 1968

Meats tinned nes or prepared	013
Meal and flour of wheat or of meslin	046
Meal and flour of cereals, nes	047
Cereal preparations etc.	048
Fruit preserved, prepared	053
Sugar, sugar preparations, honey	06
Miscellaneous food preparations	09
Beverages	11
Tobacco manufactured	122
Wood shaped	243
Pulp and paper	25
Petroleum products	332
Fixed vegetable oil, fat	42
Processed animal and vegetable oils	431
Copper, alloys unwrought	682.1
Aluminum, alloys unwrought	684.1
Lead, alloys unwrought	685.1
Zinc, alloys unwrought	686.1
Tin, alloys unwrought	687.1

Requested Export Data for 1968

Fish, preserved	032
Cereal preparations	048
Vegetables, preserved and prepared	055
Sugar, sugar preparations and honey	06
Beverages	11
Wood shaped	243
Copper, alloys unwrought	682.1
Knitted clothing and accessories	841.4
Clothing accessories of textile fabric, not knitted	841.2
Human hair, dressed or worked	899.9 (4)
Wigs	899.9 (5)

Mr. Bela Balassa

February 26, 1970

Alexander Stevenson

Terms of Reference

You are requested to travel, together with Dr. Daniel Schyd-  
lowsky, to Colombia and Argentina to have discussions on the inclu-  
sion of those countries in the "Development Strategies in Semi-  
Industrial Countries" project.

cc. Mrs. Armstrong

EBalassa:alj

February 24, 1970

Professor George H. Borts  
Managing Editor  
American Economic Review  
Robinson Hall  
Brown University  
Providence, R.I. 02912

Dear Professor Borts:

I enclose my report on Peter Eckstein, Toward an Integrated Theory of Tariffs. I found the paper of some interest but not sufficiently so to warrant publication in the American Economic Review. You may wish to suggest to him, however, to submit the paper to one of the journals specializing in development.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

P.S.

May I use the occasion to ask you for a copy of your paper "Capital Importation, and the Development Process, a Model Applied to Postwar Puerto Rico", presented at the December 1969 Meetings of the Econometric Society.

The paper is basically an exercise in constrained maximization. The author has derived formulas for optimum tariffs (and combinations of production and consumption taxes-subsidies) which will maximize social welfare, defined to include the private benefits of consumption as well as particular welfare premia (on government revenue and on particular forms of consumption and production), while maintaining the balance of payments in equilibrium.

One is reminded of the paper by Cooper and Massel (Journal of Political Economy, October 1965) where preference for industry enters the welfare function. In Eckstein's paper the expressions get more complicated but the basic idea remains the same: tariffs (or production and consumption taxes-subsidies) serve more than one function. This is fine but why call it an "integrated" theory of tariffs? One may also wonder if by assigning coefficients to e.g. the revenue-raising effects of tariffs, tariff theory has "become more relevant to the real dilemmas of economic policy" (p.1).

The conclusions of the paper seem mostly self-evident although the author considers it surprising that e.g. "for final imports in inelastic demand [the revenue effects] may dictate a lower tariff or a subsidy" (p.37). There are also a few cases where excessive claims are made for the author's contribution to the problem, such as the generalization of the traditional optimum tariff (p.13) and the optimality of unequal tariffs if consumption effects are introduced (p.14).

In turn, while the general rule of equivalence on the effects of exchange rates, taxes, and subsidies (p.6) is certainly correct, in practical situations some alternatives might be open to the government and others not. It is reported, for example, that in view of an agreement with the copper companies, the Chilean government cannot impose an export tax on copper although this would give the same result as the application of a lower exchange rate with

tariffs and export subsidies on other activities. Further, applying tax-subsidy schemes gives rise to possibilities of evasion and misrepresentation that do not exist when a single exchange rate is applied. Finally, often gross rather than net governmental revenues are the appropriate consideration.

The author's criticisms of Johnson on the question of using subsidies and taxes in lieu of tariffs are not well taken. To begin with, the conditions stated in Para 1 of p.23 are implicit in Johnson's argument. Furthermore, Johnson is correct in stating that taxes on alternative lines on production can provide a subsidy to a given industry since the taxes employed will affect the exchange rate. Finally, the discussion on quantifying the appropriate "revenue premium" does not add anything to what Johnson has said.

In Section IV the difference between the price of the product and the cost of material inputs is taken to mean "the return to value added". A more appropriate formulation is to make a distinction between the value added product and its price. This distinction is implicit in Leith's November 1968 Quarterly Journal of Economics article and it is made explicit in Corden's June 1969 Oxford Economic Papers paper.



December 31, 1969

(sent on Feb. 24, '70)

Academic Press Inc.  
111 Fifth Avenue  
New York, N.Y. 10003

Dear Sirs:

I enclose a check for \$10.00 as a subscription for the 1969 issues of the Journal of Economic Theory. Please bill me for the year 1970.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

L&E

February 24, 1970

Mr. William L. Hughes  
District Supervisor  
Interstate Commerce Commission  
Bureau of Operations and Compliance  
1125 Federal Building  
Baltimore, Md. 21201

Dear Mr. Hughes:

Thank you for your letter of February 12. As I indicated in my letter dated February 10 to W. T. Cowan, the original estimate showed a lower freight rate for furniture - and not for household goods - than the rate actually applied. Since the same quotation was made by another firm, I wonder if two different rates might apply to furniture, the lower of which was quoted to me originally, and the higher one was charged on the final bill.

Let me add here that I chose Cowan on the basis of the rate quoted in the estimate and therefore the firm should take the consequences of any error that might have been made in quoting the rates. Otherwise it can always quote a lower rate and then refer to the official rates of the Interstate Commerce Commission in subsequently increasing the freight charges.

I enclosed a copy of Cowan's original estimate in sending you a copy of my letter of February 10 to W. T. Cowan.

Sincerely yours,

Bela Balassa

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

cc. Capt. F. T. Dunn  
Mr. A. W. Bunnara  
Mr. J.W. Stevens/W.T. Cowan

February 24, 1970

Mr. Francisco E. Thoumi  
Coordinador de Investigacion  
Universidad Nacional de Colombia  
Centro de Investigaciones  
Para el Desarrollo  
Bogota  
Colombia

Dear Mr. Thoumi:

I was interested to hear of your work on estimating effective rates of protection for Colombia. I wonder to what extent your work overlaps with the study carried out by Mr. Thomas Hutchinson.

I enclose drafts of the first two chapters of my forthcoming book on the structure of protection. I would appreciate having any comments you might care to make.

Let me add here that we plan to include Colombia in a research project organized by the Bank on "Development Strategies in Semi-Industrial Countries". In this connection, Daniel Schydrowsky and I will come to Bogota in the last week of March. I look forward to meeting you then.

Yours sincerely,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Mr. Irving Friedman

February 24, 1970

Bela Balassa

Mr. Thompson's Optimal Investment Model

I would like to express my agreement with the contents of Mr. Henderson's note to you. I see little possibility for utilizing the methods suggested by Mr. Thompson in the case of developing countries where data limitations often do not permit the use of simpler and more straightforward methods either.

BBalassa:alj

February 20, 1970

Department of Political Economy  
(for Trudi)  
The Johns Hopkins University  
Baltimore  
Maryland 21218

Dear Trudi:

I enclose a short note as well as seven copies of the paper which I would like you to put in the mailboxes of all students taking my Development Policies course. Two further copies of the paper are for Professors Bertrand and Maccini.

Sincerely yours,

Bála Balassa

February 20, 1970

Professor Peter B. Clark  
Department of Economics  
Duke University  
Durham, N.C. 27706

Dear Peter:

Thank you for your note. You are certainly correct that the change in value added following the imposition of tariffs on both the product and the inputs equals the change in the product price that would bring about the same change in output under the conventional formulation. This was implicit in a statement Leith and Reuber make in the footnote on p.77. But, as I indicate on p.5 of the revised version of my paper, the two formulations imply different behavioral patterns and, in practice, the principal question is how the conventional elasticity has been estimated. I would be interested to have your comments on this point; I might call you next week to get your reactions. I enclose two copies of the paper<sup>so</sup> that you could return one with your comments. I also return your own paper.

As regards your second point, one first has to deal with the question of what causes the supply curve to slope upward. Johnson's formulation according to which "the cost of value added, in terms of original factors required, rises with output" tends to support your argument. Indeed, under this formulation, one would expect an increase in the ratio of value added to output since material inputs per unit of output are assumed to remain constant. This should be evident without the involved demonstration you give on p.6 of your note.

The conclusions change, however, if we reject Johnson's formulation in favor of one based on Corden's June 1969 Oxford Economic Papers article. Corden assumes that material inputs and the value added product (itself the result of a combination of two primary factors) are combined in constant proportions. The supply of the value added product, in turn, is a function of the effective rates of protection and we get an upward-sloping supply curve for value added as well as for output if we assume that differences in effective rates will induce the entrepreneur to shift resources from one industry to another. Such a shift, however, does not involve changes in the ratio of the value added product to material inputs, hence the proportionate change in value added will equal that in output.

The Corden article also deals with the question of the price of value added in a form that I consider satisfactory. This does not mean that your contribution would not be of interest but it could perhaps be rephrased as a discussion of the assumptions underlying the propositions pertaining to effective protection.

Sincerely yours,

Bela Balassa

P.S.

I would like to know how I should cite your paper in my Reply to Leith and Reuber.

February 20, 1970

Mr. Alfred G. Parmelee  
Summit Management & Research Corp.  
437 Madison Avenue  
New York  
N.Y. 10022

Dear Fred:

This is in reply to your letter of February 16th.

Let me start out by saying that in 1969 the decline in the Hedge Fund was 17 percent as I calculated it rather than 25 percent as you allege. The error in your calculation is due to the fact that you neglected to add the January 1969 distribution of \$1.14 to the closing value.

I am afraid that your calculations on losses in my account are also incorrect (I wish they were right!). It simply cannot be true that a few weeks' difference in the starting date would alter the results by nearly \$12000. As I noted in my letter of February 29, 1969, your records do not show a deposit of \$2500 made in April 1968. I suspect that this might have happened again.

To set the record straight, would you please send me a xerox copy of your accounting on deposits, withdrawals, and account values, so that I can check it against the brokers' statements. I would also like to get information on the Summit Capital Fund before making a final decision on the \$10000 purchase of shares in the Fund. May I ask you therefore to hold up further action on this until you hear from me.

Sincerely yours,

Bela Balassa



February 20, 1970

Professor Jagdish N. Bhagwati  
M.I.T.  
Department of Economics  
E52-280B  
Cambridge  
Mass. 02139

Dear Jagdish:

This is to acknowledge your letter of February 10th. May I ask you to send me by return mail the final version of the Ramaswami-Srinivasan paper so that I can revise my footnote referring to their contribution.

Sincerely yours,

Bela Balassa

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

February 19, 1970

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

Dear Sirs,

I wish to order the Penguin books list in  
the enclosure as well as the following:

Malvi, Encounters  
Irene Nicholson, Mexican and Central Ameri-  
can Mythology (Paul Hamlyn - 17/6)

Will you please send these to my home address and  
bill me in due course.

Sincerely yours,

Bela Balassa

Kingsley Amis	Lucky Jim	14	001648	1
Saul Bellow	Dangling Man	14	001862	X
"	Henderson the Rain King	14	002496	4
"	Seize the Day	14	002495	6
"	The Victim	14	002493	X
Truman Capote	Breakfast at Tiffany's	14	001607	4
"	In Cold Blood	14	002682	7
G.K. Chesterton	Incredulity of Father Brown	14	001069	6
"	Innocence of Father Brown	14	000765	2
"	Man Who Was Thursday	14	000095	X
Joseph Conrad	Lord Jim	14	000529	3
Len Deighton	Billion Dollar Brain	14	002662	2
Shelagh Delaney	Sweetly Sings the Donkey	14	002469	7
J.P. Donleavy	The Ginger Man	14	002705	X
Robert Graves	I, Claudius	14	000318	5
Graham Greene	Our Man in Havana	14	001790	9
"	The Quiet American	14	001792	5
Ernest Hemingway	Farewell to Arms	14	000002	X
"	For Whom the Bell Tolls	14	001066	1
Aldous Huxley	After Many a Summer	14	001049	1
"	Brief Candles	14	002349	6
Japanese Literature,	Anthology of	14	004199	9
Jerome K. Jerome	Three Men in a Boat	14	001213	3
James Joyce	Portrait of the Artist as a Young Man	14	001477	2
"	Ulysses	14	030000	X
D. H. Lawrence	Lady Chatterley's Lover	14	001484	5
Harper Lee	To Kill a Mockingbird	14	001929	4
Oscar Lewis	The Children of Sanchez	14	002094	2
Mary McCarthy	Memories of a Catholic Girlhood	14	001938	3
Carson McCullers	Ballad of the Sad Cafe	14	001907	3
"	Reflections in a Golden Eye	14	002692	4
George Mikes	Mortal Passion	14	002889	7
Vladimir Nabokov	Invitation to a Beheading	14	001984	7
"	Laughter in the Dark	14	001932	4
"	The Real Life of Sebastian Knight	14	002199	X
"	Speak, Memory	14	002926	5
George Orwell	Burmese Days	14	000456	4
Boris Pasternak	Last Summer	14	001547	7
Alan Paton	Cry, the Beloved Country	14	001274	5
Muriel Spark	Ballad of Peckham Rye	14	001909	X
"	Memento Mori	14	001546	9
Virginia Woolf	Mrs. Dalloway	14	002159	0
"	Orlando	14	000381	9
George Mikes	How to be an Alien	14	002514	6
Stephen Potter	Theory and Practice of Gamesmanship	14	001826	3
Chaucer	The Canterbury Tales	14	044022	4
Aesop	Fables	14	044043	7
Aristophanes	The Frogs and other plays	14	044152	2
Homer	Iliad	14	044014	3
"	Odyssey	14	044001	1
Marcus Aurelius	Meditations	14	044140	9
Sophocles	Electra and Other Plays	14	044028	3
Catullus	The Poems of,	14	044180	8
(Helen Waddell)	Mediaeval Latin Lyrics	14	044029	1
Ovid	Metamorphoses	14	044058	5
Petronius	The Satyricon and The Fragments	14	044159	X
Plautus	The Pot of Gold and other plays	14	044149	2
"	The Rope and other plays	14	044136	0
St. Augustine	Confessions	14	044114	X
Seneca	Letters from a Stoic	14	044210	3

Virgil	The Aeneid	14	044051	8
Dostoyevsky	The Brothers Karamazov	1.	14	044078 X
"	Crime and Punishment	2.	14	044079 8
"	The Idiot		14	044023 2
Gogol	Dead Souls		14	044113 1
Pushkin	Eugene Onegin		14	044151 4
Tolstoy	Anna Karenin		14	044041 0
"	War and Peace	1.	14	044062 3
		2.	14	044063 1
Turgenev	Sketches from a Hunter's Album		14	044186 7
(Cyril Birch)	Anthology of Chinese Literature		14	044203 0
(Juan Mascaro)	The Bhagavad Gita		14	044121 2
(Edward Conze)	Buddhist Scriptures		14	044088 7
(Levenson, Bauer, Franke)	The Golden Casket		14	044189 1
(Martin Esslin)	Absurd Drama		14	048058 7
Edward Albee	The American Dream		14	048066 8
"	Who's Afraid of Virginia Woolf?		14	048061 7
Saul Bellow	Wen and Orange Souffle		14	048069 2
Ugo Betti	The Queen and the Rebels		14	048036 6
Bertolt Brecht	Parables for the Theatre		14	048063 3
Chekhov	Plays		14	044096 8
	Four Modern Verse Plays		14	048037 4
Goldoni	Four Commedies		14	044204 9
Lorraine Hansberry	The Sign in Sidney Brustein's Window		14	048084 6
Ibsen	A Doll's House		14	044146 8
"	Peer Gynt		14	044167 0
Ben Johnson	Three Comedies		14	043013 X
Vladimir Mayakovsky	The Bedbug		14	048062 5
Arthur Miller	The Crucible		14	048078 1
Clifford Odets	Three Plays		14	048044 7
Oscar Wilde	Plays		14	048016 1
Thornton Wilder	Our Town, Skin of our Teeth, Matchmaker		14	048027 7
Tennessee Williams	Sweet Bird of Youth, Streetcar named Desire, Glass Menagerie		14	048015 3
P. Morton Shand	A Book of French Wines		14	046084 5
Allan Sichel	The Penguin Book of Wines		14	046121 3
Iris Murdoch	The Nice and the Good		14	003034 4
	Penguin Modern Stories 2		14	003050 6
Terry Southern	The Magic Christian		14	003081 6
James Thurber	Credos and Curios		14	003044 1

Melvi

Encounters

Irene Nicholson

Mexican and Central American  
Mythology (Paul Hamlyn - 17/6)

February 17, 1970

Professor Mark Perlman  
Managing Editor  
Journal of Economic Literature  
P.O. Box 7320  
Oakland Station  
Pittsburgh, Penn. 15213

Dear Professor Perlman:

Enclosed please find my review of A. Maizels,  
Exports and Economic Growth of Developing Countries.  
I am sorry for the delay.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Exports and Economic Growth of Developing Countries. By Alfred Maizels, assisted by L. F. Campbell-Boross and F. B. W. Rayment. Cambridge, At the University Press, 1968. Pp. xx, 443, \$10.00

A few years after his monumental Industrial Growth and World Trade (1963), Alfred Maizels has provided us with a volume reporting on the results of another large-scale research project. The book is appropriately described by its subtitle: "A theoretical and empirical study of the relationships between exports and economic growth, with illustrative projections for 1975 for the main overseas Sterling countries".

Mr. Maizels again gives evidence of a rare combination of two talents that has characterized his earlier work: painstaking empirical research and the ingenious use of partial and incomplete data to fit them into theoretical models. He is now using a version of the Chenery-Strout "two-gap" model, with the important modification that economic growth is constrained by foreign exchange availabilities/while savings are assumed to adjust passively.

Maizels observes that while there is a positive correlation between the volume of exports and economic growth, this is weakened considerably if we adjust for changes in the terms of trade and in capital inflow. He suggests therefore that the impact of increases in import capacity (the volume of exports, adjusted for variations in the terms of trade and the inflow of capital) on the rate of growth of GDP be considered in three steps: changes in import capacity bear on the imports of capital goods; capital goods imports, in turn, affect the amount of fixed investment; finally, fixed investment and economic growth are related via the incremental capital-output ratio. In practice, the first two steps are combined and an "investment elasticity of imports" is calculated.

The author considers several of the customary objections to the extrapolation of past relationships between investment and the growth of output, and/relies to a considerable extent on <sup>incremental</sup> capital-output ratios contained in the plans of the individual countries. <sup>Furthermore,</sup> estimates for the nineteen-fifties as well as implicit values derived from national plans are used to select investment elasticities. Despite the considerable error possibilities of these figures, alternative values of incremental capital-output ratios and investment elasticities are not used in making projections.

Exports of primary commodities from the Sterling Area countries are projected in several steps. First, rates of growth of population and per capita incomes in the industrial countries are forecast under two variants, a "reasonable minimum" and a "relatively high" rate of increase of incomes. Second, imports of primary products by the industrial countries are projected, mostly by assuming prices to remain at 1960-61 levels. Third, the prospective shares of the Sterling Area countries in these imports are estimated, taking account of supply potentials in all major exporting countries. By contrast, exports of manufactured goods are projected from the supply rather than from the demand side. Finally, forecasts are made on service payments and receipts, foreign and private capital inflows.

The commodity projections have been prepared with considerable care and there is little doubt that all available evidence has been considered. However, the research has apparently taken rather long -- while the book appeared in 1968, some of the results were published as early as in 1961 and 1962. This explains that the period of the statistical analysis ends mostly in 1960, 1961 or 1962 and that the estimates have been made in 1960-61 prices.

The "publication lag" permits the reviewer to check the growth rates projected for the period 1960-61 to 1975 against the actual figures available for the first half of this period. We find that in only one out of twenty-one cases did the average annual rate of growth of exports observed in the period 1960-61 to 1968 fall within the lower and upper limits projected by the author. Also, in all but four cases the difference between observed values and the mid-point of the projected limits exceeded one percentage point. Similar conclusions apply to projections of the growth rate of GDP.

In several instances, extraneous causes (wars, revolutions etc.) explain the differences between projections and the actual figures. A more general explanation might lie in the errors in the plans that Maizels has utilized extensively in forecasting incremental capital-output ratio and the "investment elasticity". My own experience also points to the unreliability of such estimates.

These remarks should not affect a favorable appraisal of the study. Indeed, we are indebted to Maizels for the new information and analysis he provides on an important and difficult subject. His work should be taken as a standard for future study in the area.

Bela Balassa

Professor of Political Economy

The Johns Hopkins University



February 17, 1970

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

Dear Professor Haberler:

Schmitt's quotation reminds me of a movie advertisement that cites the only favorable phrase from an otherwise "panning" review. My comments on his paper were indeed generally unfavorable and the quoted phrase has been taken out of context. It is followed by a qualifying statement: "But much of the discussion is rather confused and the political considerations are not well integrated with the economic analysis".

*impressionistic*

At any rate, it is not quite "cricket" to quote from private correspondence without the writer's permission. I am also disturbed by the fact that Schmitt is sending copies of this letter to other people. I may only add that I have not received one.

It was a pleasure seeing you and I look forward to our meeting again in Madrid. My wife sends her best regards to Mrs. Haberler and yourself and has asked me to repeat our invitation to dinner any time you are in Washington, alone or with her.

Sincerely yours,

Bela Balassa

Spec. Del.

February 17, 1970

Professor George H. Borts  
Managing Editor  
American Economic Review  
Robinson Hall  
Brown University  
Providence, R.I. 02912

Dear Professor Borts:

My secretary sent you by mistake my Comment on Ruffin without the Rejoinder. I now enclose the latter with the request that the two be published, together with Ruffin's Reply, in the same issue of the AER.

For easy identification I have included in my Rejoinder page references to Ruffin's Reply. I presume, however, that the page numbers will be dropped in the published version.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

P.S. I will send you my report on Peter Eckstein's manuscript in a few days.

February 16, 1970

Professor Herbert Glejser  
European Economic Review  
49 rue du Chatelain  
Bruxelles 5  
Belgium

Dear Professor Glejser,

A student of mine at Hopkins is working on a dissertation outline with international migration. Among other things, he plans to apply a gravitational model to migration into Germany, France and Switzerland. I have given him your papers on the topic dated May 9, 1967 and July 9, 1968. I wonder if you have any more recent papers on migration you could send to me. I would also like to have a copy of an article by Fermote you refer to in one of your papers.

I plan to be in Brussels for a few days this summer and I hope that we will have the occasion to meet then. Should you visit Washington beforehand I would appreciate your letting me know of your coming.

Sincerely yours,

Bela Balassa

## OFFICE MEMORANDUM

Members of Study Group on 'Structure of Protec-  
TO: tion in Developing Countries'

DATE: January 28, 1970

FROM: Andrew M. Kamarck *amk*SUBJECT: Meeting of the Study Group

This is to inform you that the meeting of the Study Group on Mr. Balassa's volume has been set for Friday, February 27th at 10.00 a.m. in the Conference Room on the fifth floor of the Bank's D Building.

You should have received by now all the chapters of the volume. If any are missing, please contact Miss Jeffery (2781).

Please note that there will also be a luncheon for the participants at 1.00 p.m. in Dining Room B.

BBalassa:alj

Mr. Andrew M. Kamarck

January 27, 1970

Bela Balassa

Study Group on "The Structure of Protection in Developing Countries"

I called Mervyn Weiner today, in part because I was not completely sure that he has taken himself out of the picture as far as the Study Group is concerned, and in part to ask his suggestion for a replacement. Mervyn indicated that because of his new duties he could not in any form participate in the work of the Study Group and expressed the view that either Lerdaу or Ross would be an appropriate replacement. In our conversation it developed that Lerdaу might be the best choice for us, and in subsequent discussions Lerdaу expressed an interest and willingness to participate.

Van der Tak is on a mission until February 5 but he has already read some of the chapters and he appears to be a good replacement for Sam Lipkowitz who will be away. I suggest therefore that we ask him to take part in the work of the Study Group. I have not yet heard from Ben King but all other members of the Study Group, including Goreux, will be here on February 27. There is no need, therefore, for other replacements.

I enclose memos to Lerdaу and Van der Tak for your signature.

BBalassa:alj

Mr. Enrique Lerdau

January 27, 1970

Andrew M. Kamarck

"Structure of Protection in Developing Countries"

This is to invite you to be a member of a study group that will read and discuss Bela Balassa's "Structure of Protection in Developing Countries" study. The twelve chapters are available and will be sent to you immediately.

Please let me know if you can take part in the work of the study group.

BBalassa:alj

Mr. Herman G. van der Tak

January 27, 1970

Andrew M. Kamarck

"Structure of Protection in Developing Countries"

This is to invite you to be a member of a study group that will read and discuss Bela Balassa's "Structure of Protection in Developing Countries" study. All twelve chapters have already been sent to you.

Please let me know if you can take part in the work of the study group.

BBalassa:alj

January 27, 1970

Dr. Jose Maria Dagnino Pastore  
Ministro de Economia y Trabajo  
Ministerio de Economia y Trabajo  
Hipolito Irigoyen 250  
Buenos Aires  
Argentina

Dear Mr. Minister:

I take the liberty of sending you a copy of my letter to Mr. Zalduendo dealing with our intention of including Argentina in the Bank's Development Strategies in Semi-Industrial Countries project. I very much hope that Argentina's inclusion in the project will be possible and I look forward to the opportunity of contacting you on the occasion of my planned visit to Buenos Aires in early April.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



January 27, 1970

Sr. Raul Jorge Peycere  
Secretario de Industria y Comercio  
Ministerio de Economia y Trabajo  
Diagonal Julio A. Roca No.651  
Buenos Aires  
Argentina

Dear Mr. Secretary:

I take the liberty of sending you a copy of my letter to Mr. Zalduendo dealing with our intention of including Argentina in the Bank's Development Strategies in Semi-Industrial Countries project. I very much hope that Argentina's inclusion in the project will be possible and I look forward to the opportunity of contacting you on the occasion of my planned visit to Buenos Aires in early April.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

January 27, 1970

Professor Preben Munthe  
Oslo University  
P.O.Box 1095  
Blindern  
Oslo 3  
Norway

Dear Professor Munthe,

This is to thank you belatedly for your letter of November 14. I have noted the point you made concerning tariffs on cars.

I trust that Mr. Faye-Schjoll has in the meantime received the payment due to him.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

January 27, 1970

Dr. Eduardo Garcia  
Vice President  
ODEPLAN  
Santiago  
Chile

Dear Dr. Garcia:

As I indicated to you on the occasion of our meeting on January 19, the Bank is interested in including Chile among the six countries to be covered in its Development Strategies in Semi-Industrial Countries project. The study should also be in Chile's interest since it would provide material that could be utilized in policy-making. The comparative evaluation of the experience of the individual countries included in the project, too, can be helpful in reviewing Chile's policies of industrial development and protection.

In order that the study be useful to policy-making, however, it should utilize information for a recent period. This requirement would necessitate the use of the 1967 input-output table which will be based on Censys data under preparation. For the purposes of the study, therefore, it would be desirable to ensure the early completion of the input-output table.

I would appreciate it if you could inform me of your expectations concerning the completion of the table. At our meeting you noted the possibility that ODEPLAN may involve the Catholic University in the preparation of the input-output table. This would be most welcome from the point of view of our project, since it would greatly facilitate carrying out the study on Chile by permitting a speeding-up in the preparation of the table and close cooperation between those working on the table, and Marcelo Selowsky who we plan to contract to carry out this study.

cc. and cleared with Mr. Ross  
cc. Messrs. Kamarck  
Stevenson  
Hughes  
Avramovic  
Glaessner

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

BBalassa:alj

1 copy to Selowsky

Home Address

2139 Wyoming Avenue N.W.  
Washington D.C. 20008  
U.S.A.

BL/hl

January 27, 1970

Mr. E. Nathan  
Illums Bolighus As  
Amagertorv  
1160 Copenhagen K  
Denmark

Dear Mr. Nathan,

Thank you for your letter of January 19 informing me of alternative possibilities of transporting the merchandise ordered from you. Since the cost of handling and shipping between Baltimore and Washington is high, I have decided to have it shipped by parcel post. This means that the vitrine which is too big will have to be replaced by two additional shelves in my order.

I would appreciate your sending me the merchandise as soon as you receive it from the factory. Should the additional two shelves cause a delay, please omit them from my order.

Will you send me a modified bill together with your charges for transportation. In the meantime, I enclose a cheque for \$50.00.

Sincerely yours,

Bela Balassa

January 27, 1970

Richard D. Irwin Inc.  
1818 Ridge Road  
Homewood  
Ill. 60430

Dear Sirs:

I would appreciate your sending me a copy of "The Soviet Economy: A Book of Readings". I would like to consider this publication for a course on ~~complete~~<sup>comparative</sup> systems I will offer next year.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

January 27, 1970

Professor Josef Korbal  
The Graduate School of International Studies  
The Social Science Foundation  
University Park  
Denver, Colorado 80210

Dear Professor Korbal:

I am sorry to say that there has been a change in my plans and I will not be able to come to Denver on February 20. I will be going abroad on the 20th and have not been able to postpone my departure.

I take the liberty of suggesting the names of a few people whom you might find an appropriate replacement. These are Professor Issiah Frank from the School of Advanced International Studies of the Johns Hopkins University, Mr. Lawrence Krause from the Brookings Institution, and Mr. Sperry Lea from the International Planning Association. Professor Frank, a former Deputy Assistant Secretary of State for European Affairs, is the author of a book on the Common Market and a keen observer of the European scene. Mr. Krause is the author of a book on the effects of the Common Market on the U.S. economy and has recently published an article on "The Impact of Economic Relations on the Atlantic Alliance" prepared for a panel discussion on NATO. Mr. Lea has been intimately associated with efforts to establish an Atlantic free trade area and has written widely on the subject.

Let me again express my regret for not being able to come to your conference. I am also sorry for the inconvenience the change in my plans may cause you. I am confident, however, that any of the three people I suggested will be an appropriate replacement.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

January 27, 1970

Mrs. Margarita de Zittlosen  
Presidente Ejecutivo  
Instituto Venezolano del Consumidor  
Av. Francisco de Miranda No.107  
Edif. La Colmena  
Apartado 11422  
Chacao  
Caracas  
Venezuela

Dear Mrs. Zittlosen:

I enclose a recent paper I wrote on Latin American integration as promised. I am sorry not to have had the occasion to visit you in your office but I am glad that at least we had the chance to talk on the telephone.

I have looked at the material dealing with the efforts to further economic integration and I found it useful and interesting. I wish you much success in your efforts.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

January 27, 1970

Mr. Omar Fernandez Russo  
Centro de Estudios de Post-Grado  
Universidad Central de Venezuela  
Facultad de Ciencias Economicas y Sociales  
Av.Casanova - Centro Commercial  
Caracas  
Venezuela

Dear Mr. Fernandez:

Not having had the occasion to see you before my departure, I would like now to convey my thanks for the attention you gave me during my stay in Caracas. Please give also my best regards to the lady who welcomed us at the airport.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



January 27, 1970

Professor Francois Benko  
1<sup>er</sup> transversal Las Delicias  
Edif Lourdes 12  
Sabana Grande  
Caracas  
Venezuela

Dear Professor Benko:

Please accept my sincere thanks for sending me your "L'Arbre et la foret". I look forward to reading it.

I am sorry not to have had the occasion to talk to you in Caracas at greater length. I will let you know in advance should I come for another visit.

Sincerely yours,

Bela Balassa

January 27, 1970

Professor Cesar Salazar-Cuervo  
Apartado 8182  
Caracas  
Venezuela

Dear Professor Salazar-Cuervo,

I wish to sincerely thank you for all the attention you gave me during my visit to Caracas. I greatly enjoyed the conversations with you and hope to see you before long in Washington.

Many thanks also for the excellent record which we listened to together with La Missa Criolla I had from Argentina. My wife also sends you her best regards and she too looks forward to seeing you in Washington. Please let us know in advance the time of your visit. It is best if you write to the World Bank so that my secretary can inform you of my whereabouts should I be out of town at the time.

I am sending some of my recent papers to you and to Messrs. Mieres and Romero. Please remember me to them.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b> 30280549		
<b>Document Date</b> 27 January, 1970	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: Bela Balassa To: Gibraltar Growth Fund				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Financial Information iv				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> October 25, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> October 25, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> October 25, 2022			

January 27, 1970

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

Dear Lloyd:

Many thanks for your note of January 8.  
I enclose the revised version of my paper as  
you requested. I plan to come to New Haven  
at the invitation of the Growth Center and  
the Graduate Economics Club early in March.  
I look forward to seeing you then.

Sincerely yours,

Bela Balassa

January 27, 1970

Mr. Tong Hum Lee  
Joint Commission on Rural Construction  
37 Nankai Road  
Taipei  
Taiwan

Dear T.H.,

The contract for your study was sent out in my absence and the Personnel Department has changed my text by providing for payment in Taiwan dollars rather than in US dollars. I want to pursue this matter further; in the meantime I wish to suggest that in signing the contract you send a letter to Mr. Jeffries with a copy to me indicating that you wish to spend the entire amount of your fee abroad and request that the entire payment be made in US dollars. You may wish to request that payment be made to a bank in the United States.

Sincerely yours,

Bela Balassa

Mr. Andrew M. Kamarck

January 27, 1970

Bela Balassa

Luncheon for Study Group

I wonder if we could set up a luncheon for the members of the Study Group on February 27. If you approve, perhaps Mrs. Weyrich could reserve a dining room for 15 people.

BBalassa:alj

## OFFICE MEMORANDUM

TO: Mr. Andrew Kamarck

DATE: January 26, 1970

FROM: Bela Balassa *MB*SUBJECT: Back-to-Office Report: Mexico Jan. 4-6, Venezuela Jan. 12-15, Chile Jan. 19-20

1. In Mexico, I had discussions with Gerardo Bueno on the Mexican study in the Structure of Protection in Developing Countries project. Having reviewed the entire study, we have agreed on changes to be made in the presentation, on the need for new information at particular points, and on the general outline of the new section to be added on policy recommendations. Bueno expects to come to Washington for the meeting of the Study Group on the project and will bring with him the final revision of the study.

2. In Venezuela, I gave three lectures at the Centro Estudios de Post-grado (CEP) of the Central University of Venezuela and an additional lecture at the Central Bank. The topics of my lectures at CEP were the theory of economic integration, policy harmonization in an integrated area, and policy alternatives to integration; at the Central Bank I lectured on the financial implications of integration. My lectures were part of a seminar of two-months duration on the problems of economic integration in Latin America that has been organized and financed by CEP.

3. In Chile, I had discussions with government officials, university professors, and Marcelo Selowsky, our prospective contributor, on the inclusion of Chile in the Development Strategies in Semi-Industrial Countries project. All participants in the discussion expressed considerable interest in Chile's inclusion in the project. There is, however, the problem that according to present schedule, the input-output table for 1967 would not be available before the middle of 1971 while the updating of the 1962 table involves difficulties due to the lack of reliable price indices. I have been told, however, that the Bank's interest in having the new table completed at an early date for purposes of our project can provide an incentive for speeding-up its preparation. We have agreed that I will write a letter to this effect to Eduardo Garcia, the Vice-President of ODEPLAN.

BBalassa:alj

cc. Messrs. Stevenson  
Kalmanoff  
Mrs. Hughes

Alter  
Avramovic  
Ross

Gutierrez  
Lerdau

Mr. Alexander Stevenson

January 26, 1970

Bela Balassa

Contracts for contributors to the Development Strategies  
in Semi-Industrial Countries project

I have requested Mr. Jeffries through Mr. Lowther that the contracts for the contributors to the Development Strategies in Semi-Industrial Countries project should provide for payment of their fee in US dollars. Mr. Lee's contract (Taiwan) was sent out in my absence and it provides for payment in Taiwan rather than in US dollars.

I wish to request that my original suggestion on the modalities of payment be followed. Although Mr. Lee, Mr. Kim Mahn Je (Korea) and Mr. Selowsky (Chile) are nationals of the countries indicated and will carry out a good part of the work in their own country, they requested payment in US dollars since they plan to spend the overwhelming part of their fee in the United States, in part for study and in part for personal travel. All three countries have exchange restrictions and their residents can obtain foreign exchange for a stay abroad only if they receive funds in US dollars. At the same time, the provisions included in Mr. Lee's contract on payment in US dollars in the event of certification that these dollar payments are needed to meet actual personal expenses while in the United States, will not suffice since the contributors may travel to the U.S. after expiration of their contracts.

cc. Mr. Lowther

BBalassa:alj





INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - Executive 3 6360 • Cable Address - INTBAFRAD

January 26, 1970

Dr. Eduardo Andres Zalduendo  
Secretario CONADE  
Ministerio de Economia y Trabajo  
Hipolito Irigoyen 250  
Buenos Aires  
Argentina

Dear Mr. Secretary:

In the next two years the Bank will carry out a research project on Development Strategies in Semi-Industrial Countries. As the enclosed description indicates, the project will be undertaken on a comparative basis and it will deal with the experience of six semi-industrial countries.

We would like to explore the possibility of including Argentina in the research project. Mr. Daniel Schydrowsky has expressed interest in carrying out the study on Argentina, possibly in cooperation with an Argentine economist. I plan to come to Buenos Aires with him in the first days of April to have discussions on the subject. Before coming to Buenos Aires, however, I would like to have an indication of your government's possible interest in having Argentina included in the project. I would greatly appreciate it if you could advise me of this at your earliest opportunity.

On a more technical point, I would like to know the expected date of completion of the new I-O table which could be used as a framework for the study. May I ask you to inform me of the progress of work on effective protection calculations that are carried out in your office.

Please give my best regards to Mr. Dieguez who I saw in your absence on the occasion of my last trip to Buenos Aires in July 1969.

With best regards,

  
Bela Balassa  
Consultant  
Economics Department

cc. and cleared with Mr. Ross  
cc. Messrs. Kamarck  
Stevanson  
Hughes  
Avramovic  
Skillings

BBalassa:alj

*copies also to: Schydrowsky, Pastore, Peycere*

Mr. Andrew Kamarck

January 26, 1970

Bela Balassa

Article written for Associated Press

The request from the Associated Press for the article on "The International Economy in the Nineteen-Sixties" came directly to me at Hopkins. I included the writing of the article in my report to inform you of it. I enclose a copy of the paper.

BBalassa:alj



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b>  30280549		
<b>Document Date</b> January 26, 1970	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> From: Bela Balassa To: Alexander Stevenson				
<b>Subject / Title</b> Honorarium				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> September 28, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022			

January 23, 1970

Professor William G. Andrews  
Chairman  
Department of Political Science  
State University of New York  
Brockport  
New York 14420

Dear Bill:

I will be happy to revise my contribution to The Impact of the Fifth Republic on France if the volume were to be published.

Sincerely yours,

Bela Balassa

Avis File 530689-166  
R.A.14493997

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

January 23, 1970

Mr. J. Gordon Forester, Jr.  
Forester & Perkins  
Suite 311  
1750 Pennsylvania Avenue N.W.  
Washington D.C. 20006

Dear Mr. Forester:

This is in reference to your letter of January 19.

I enclose a copy of my letter to Mr. Priddy of Avis dated December 31. In that letter I indicated that I have still not been provided with evidence of the time and place of the accident. As I noted in the letter, I will make payment as soon as I receive the police report.

Sincerely yours,

Bela Balassa

cc. Mr. Priddy

January 23, 1970

Braun Aktiengesellschaft  
6242 Kronberg  
Postfach 115  
West Germany

Dear Sirs:

*debited*  
I refer to my letter of November 25, 1969 requesting one sixtant S foil for my Braun electric shaver. The cheque I enclosed for \$2.32 has been credited to my account but I have not received the part. Would you please send it by return air-mail.

Sincerely yours,

Bela Balassa

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

January 8, 1970

Kyklos  
Institut für Sozialwissenschaften  
Petersgraben 29  
4051 Basel  
Switzerland

Dear Sirs,

In reply to your card of December 11,  
I am interested in reviewing both the follow-  
ing books:

Alting von Geusau (Ed.): Economic Re-  
lations after the Kennedy Round.

Kock, Karin: International Trade Policy  
and the GATT 1947-1967

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

## OFFICE MEMORANDUM

TO: Mr. Andrew Kamarck

DATE: January 7, 1970

FROM: Bela Balassa

SUBJECT: Report on Activities - November and December 1969Structure of Protection in Developing Countries

- Completed revision of Pakistani, Chilean and Mexican studies
- Completed chapter 4, "Nominal and Effective Protection in Seven Developing Countries"
- Prepared first draft of chapter 5, "Evaluation and Policy Recommendations"
- Final revision of "Effective Protection in Developing Countries"

Development Strategies in Semi-Industrial Countries

- Held discussions with contributors in Korea (December 7 to 16), Taiwan (December 17 to 19) and Israel (December 20 to 23)
- Prepared written instructions for the Korean study

Other Activities

- Advised the Korean government on trade policy
- Prepared papers on "Proposal for a Reform of the Tariff, Export Subsidy, and Foreign Exchange System in Korea", and "Suggestions for Formulating Korea's 1976 Export Program"
- Wrote article on "The International Economy in the Nineteen-Sixties" at the request of the Associated Press

Other Studies

- Prepared for inclusion in the Economics Department Working Paper Series the following papers: "The Effective Rates of Protection and the Question of Labor Protection in the United States: A Comment"; "Tariffs, Intermediate Goods, and Domestic Protection: Comment"; and "Growth Performance of Eastern European Economies and Comparable Western European Countries"

cc. Mr. Stevenson  
Mrs. Hughes

BBalassa:alj



January 6, 1969

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

Dear Don:

Is there a Santa Claus? I have received neither the volume nor the bill so far. While the volume can wait, I would appreciate having the bill for the copies purchased dated December 31, 1969.

Sincerely yours,

Bela Balassa

January 3, 1970

Illums Bolighus AS  
Amagertorv  
Copenhagen K  
Denmark

Dear Sirs,

This is to order the following items by String Design:

- 14 rails "String" black, 18 x 75
- 12 shelves teak, 20 x 78
- 1 magazine holder in teak 37 x 78
- 1 vitrine with glass door in teak 20 x 78 x 42

I would appreciate it if you could send this order parcel post in several instalments immediately upon receipt of my letter. Should the vitrine be too large to be shipped as a parcel I would like you to replace it with two additional teak shelves.

I enclose a cheque for \$100 as partial payment for this order.

Sincerely yours,

Bela Balassa

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

January 3, 1970

Dr. T. H. Lee  
Senior Economist  
Joint Commission on Rural Reconstruction  
37 Nankai Road  
Taipei City  
Taiwan

Dear Dr. Lee:

Following our conversations in Taiwan I have prepared a contract which will be sent to you after review by the Personnel Department. I suggest that after receipt of the contract you immediately inform me of your need for one-third of the budget for research assistance. While this is only a formality, it is necessary for transferring the amount involved.

Please excuse this formal note but I am just leaving for Latin America and wanted to tell you where things stood.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

January 3, 1970

District Delivery Service  
3320 Bladensburg Road  
Cottage City  
Maryland

Dear Sirs:

I have been a subscriber to the "New York Times" for the past three years; first at my apartment at 2500 Que Street and since December 1st at 2139 Wyoming Avenue. At the beginning your service was excellent but subsequently it deteriorated more or less continuously. From the first month of last year, one issue was missing on the average every week. Moreover, since I have moved to Wyoming Avenue I have hardly received any issues, and if they do come, they are not always brought to my apartment but left on the ground floor. We have reported these deficiencies in your service on the telephone several times.

Since you have a monopoly on providing the "New York Times" on a subscription basis, this deterioration of your service cannot be excused. I hope to get immediate action for improvement upon your receipt of this letter.

Sincerely yours,

Bela Balassa

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

January 3, 1970

Professor Marcelo Selowsky  
Casilla 10001  
Santiago  
Chile

Dear Professor Selowsky:

This is to confirm that Mr. Balassa will arrive in Santiago on January 19 at 1710 hours on flight AF217 from Caracas. He asks you to join him for dinner on the evening of the same day at the Carrera Hotel where he will be staying. Should you want to contact him for any reason beforehand, he is staying at the Tamonaco Hotel in Caracas during the week preceding his arrival in Santiago.

Sincerely yours,

Secretary to  
Bela Balassa

January 3, 1970

Professor B. S. Yamey  
Editor  
Economica  
The London School of Economics  
Houghton Street  
Aldwych  
London W.C.2.  
England

Dear Professor Yamey:

I enclose the abstract of "The Economic Reform  
in Hungary" for the Journal of Economic Literature as  
requested.

Sincerely yours,

Secretary to  
Bela Balassa

Economica, New Series, Volume XXXVII, No.145, February 1970

THE ECONOMIC REFORM IN HUNGARY

Bela Balassa

The paper examines the principal features of the economic reform and the experience in Hungary following its introduction on January 1, 1968. It is shown that the reform has entailed the discontinuation of plan directives to the firm, it has provided managers with profit incentives and increased freedom to make investment decisions, and it has also introduced greater flexibility in prices. But administrative measures persist in a variety of areas and these "brakes" impede the realization of the principles underlying the reform. In the paper, suggestions are made for policies which could contribute to the success of the reform and the long-term development of the Hungarian economy.

English

The Johns Hopkins University, Baltimore, Md. 21218

January 3, 196<sup>70</sup>~~9~~

Professor John C. Fei  
Economic Growth Center  
Yale University  
New Haven, Conn.

Dear John:

I would appreciate it if you could send me a copy of your reading list on development programming. I plan to give a course on the subject in the coming semester and would be interested to see your list.

With best regards,

Sincerely yours,

Bela Balassa



January 2, 1970

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

Dear Bob:

I trust that you have received my recommendation of Michael Claudon for a position with your university. Should this not have reached you, I enclose a copy. I wish to re-emphasize my high opinion of Claudon which has been further strengthened as a result of an excellent paper Claudon prepared over the past few weeks on a theoretical model of the product cycle hypothesis.

Sincerely yours,

Bela Balassa

January 2, 1970

Mr. Norman Polovy  
Director  
Maryland Consumer Protection Division  
Annapolis  
Maryland

Dear Mr. Polovy:

I wish to bring a complaint against Cowan Inc. in the following matter.

As the enclosed estimate indicates, Cowan had originally accepted a case of furniture to be transported from Baltimore to my Washington address at a rate of \$2.96 per cwt. At the time of delivery, however, I was required to pay double this amount. Subsequently, on November 10 I wrote to the firm requesting a refund of the difference. In Cowan's letter of November 14 this was refused on the grounds that the original estimate was in error. In my reply of December 8 I indicated that I could not accept this argument since other forwarding firms also quoted the lower rate and it was on the basis of the quotation obtained from Cowan that I used their services. My reply remained without answer and hence I would like to ask for your intervention. Copies of the correspondence relating to this matter are enclosed.

Sincerely yours,

Bela Balassa

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

January 2, 1970

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

Dear Dr. Sussman:

Following our conversations in Israel I have prepared a draft contract which will be sent to you after review by the Personnel Department. You will also receive a Personal History Form which needs to be filled out by consultants. The budgetary amount we agreed upon will be included in your final contract.

Please excuse this formal note but I am just leaving for Latin America and wanted to tell you where things stood.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

January 2, 1970

Professor Reynold P. Dahl  
University of Minnesota in Tunisia  
USAID, American Embassy  
Tunis  
Tunisia

Dear Reese:

I am happy to report that we have admitted Mr. Kalboussi to graduate study in our Department. He will be informed of this decision in due course.

Will you be in Tunis next year? As I indicated in an earlier letter to Professor Brownlee, I plan to spend several months in Paris in the first half of 1971 and could possibly come to Tunis for a short period.

Sincerely yours,

Bela Balassa

cc. Professor Brownlee

Mr. Joachim Ahrensdorf

January 2, 1970

Bela Balassa

Report on Korea

I enclose "Proposal for a Reform of the Tariff, Export Subsidy, and Foreign Exchange System in Korea" prepared in my capacity as a consultant to the Korean government. I would appreciate having your reactions to this report.

BBalassa:alj

January 2, 1970

Professor B. S. Yamey  
Editor  
Economica  
London School of Economics & Political Science  
Houghton Street  
Aldwych  
London W.C.2.

Dear Professor Yamey,

Returning from a trip to Asia I found your letter of November 26 informing me of the acceptance of my reply to Leith and Reuber for publication in Economica. Taking account of the suggestions made by the referee I will prepare a revised version by the end of January. I am afraid that I could not do this earlier since I am leaving for a three-week trip to Latin America.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Mr. C. H. Thompson

January 2, 1970

Bela Balassa

Participation in the Preparation of the Third Spanish Development Plan

I received the enclosed invitation to participate in the preparation of the Third Spanish Development Plan. As the enclosed reply indicates, I asked for further clarification from Mr. Irastorza. At the time of my return from Latin America on January 23 I will contact you to discuss whether my participation would be in the interest of your department. Let me add here that the employment of my time in the summer of 1970 has not yet been established and Mr. Kamarck will have to decide on a choice among possible alternatives.

BBalassa:alj

cc. Mr. Kamarck

January 2, 1970

Professor Bernard Goodman  
Wayne State University  
Department of Economics  
Detroit, Mich. 48202

Dear Professor Goodman:

I wish to highly recommend Michael Claudon for a position with your university. Claudon's main specialty is international economics; his secondary fields are industrial organization and economic theory.

I have known Claudon for four years. He was an outstanding member in my graduate class in international trade theory and I presently advise him on his dissertation. In working on the thesis, Claudon has shown considerable ingenuity and the final product should be an important contribution to the study of international trade. ~~I enclose a copy of the thesis prospectus.~~

Let me add that Claudon is one of our best students at Hopkins, and he has had good success as a teacher at Goucher College. I am confident that he will become an excellent teacher and researcher.

Sincerely yours,

Bela Balassa



January 2, 1970

Mr. Trent Bertrand  
Department of Political Economy  
The Johns Hopkins University  
Baltimore Md. 21218

Dear Trent:

The session went well and there were no major criticisms of our joint paper so that the need for a reply did not arise.

I have nevertheless made a number of stylistical changes in the paper which are contained in the enclosed version. Please inform my secretary if you wish to make any further changes. I am returning on January 22nd and will be at Hopkins on that day. If the submission date for the paper is before January 22nd my secretary will send to Vanek or to the A.E.R. the required number of copies. Vanek should inform you of the date of submission; should he not do so in the first week of January please call him up.

With best regards,

Sincerely yours,

Bela Balassa

January 2, 1970

Professor Richard A. Lester  
Dean of the Faculty  
Princeton University  
9 Nassau Hall  
Princeton  
New Jersey 08540

Dear Professor Lester:

I warmly recommend Dr. Charles Frank for promotion to full professor at your university. You may know that two years ago the Department of Political Economy at Hopkins unanimously decided to invite Frank to join us but he decided to go to Princeton instead. My favorable opinion of Frank has only been enhanced over the past two years. I regard him as the best among the young scholars in the field of development economics. While comparisons with the older members in the field are more difficult, with the exception of Chenery and Haberler, he promises eventually to surpass them.

*Haberger*

Sincerely yours,

Bela Balassa

*Prof. of P.E.*

January 2, 1969

Professor Kevin H. Burley  
University of Western Ontario  
Department of Economics  
London 72  
Ontario  
Canada

Dear Professor Burley:

I am afraid that I have a rather vague recollection of Mr. Gilbert Gerald Johnson. I recall him as a young man of considerable promise with a good background in economic theory, who exhibited his ingenuity.

Please do not take this letter as an unfavorable reflection of Johnson but it was several years ago that I last saw him and a number of students have gone through my hands since.

Sincerely yours,

Bela Balassa

*Prof. of P.E*

January 2, 1970

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

Dear Mr. Irastorza,

Thank you for your invitation to participate in the preparatory work on the Third Spanish Development Plan. Before I can reply to this invitation I would appreciate it if you would let me know for what duration and under what conditions you would like to have my collaboration.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

cc. Messrs. Thompson  
Kamarck

BBalassa:alj



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b> 30280549		
<b>Document Date</b> 02 January, 1970	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: Bela Balassa To: Bankers Trust Co.				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Financial Information iv				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> October 25, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> October 25, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> October 25, 2022			

Mr. Jack Lowther

January 2, 1969

Bela Balassa

Payment for Translation

The enclosed bill for payment for translation of Professor Munthe's contribution to the Structure of Protection in Developing Countries volume reached me with considerable delay. Nevertheless, since the work has been satisfactorily performed I wish to ask you that payment be made. Please send it directly to:

Mr. Carl Faye-Schjoll  
Tennisveien 3 B  
Slendal  
Oslo 3, Norway

BBalassa:alj

01/785

January 2, 1970

Mr. Fred G. Hendriksz  
Institute of Social Studies  
Office of the Rector  
27 Molenstraat  
The Hague  
Holland

Dear Mr. Hendriksz:

It is with pleasure that I recommend the appointment of Mr. Herman van der Tak as Visiting Professor in Economics at your Institute. I have known Mr. van der Tak for three years and have been impressed by his ability. He is a scholar who has succeeded in applying his knowledge of economic theory to practical cases. A year in academic surroundings will be of benefit to him and to your Institute.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b> 30280549		
<b>Document Date</b> 02 January, 1970	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: Bela Balassa To: Mr. Donald J. Hayden, Auchincloss, Parker & Redpath				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Financial Information iv				
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<b>Withdrawn by</b> Ann May	<b>Date</b> October 25, 2022			



January 2, 1970

Professor Robert Mundell  
Department of Economics  
University of Chicago  
Chicago, Ill.

Dear Bob:

I enclose a copy of my letter to Bruno as well as some preliminary comments on Bruno's paper. Should you decide to publish the paper we would appreciate having the opportunity for a detailed reply in the same issue. I presume that by this time Ann Krueger has also submitted her paper; our reply would deal with both papers together.

I would like to emphasize that the enclosed comments are preliminary and their main purpose is to inform you of our principal objections to Bruno's paper. In the comments we have not repeated the contents of my letter to Bruno so that the two should be read in conjunction. Let me add that in view of my departure for Latin America, Dani and I had little time to prepare the comments and, not having the opportunity to get together, had to discuss things on the 'phone.

I also enclose the final copy of our comment on Travis which contains a few stylistical changes as compared to the version submitted to you. I will be back in the U.S. on January 22nd.

Sincerely yours,

Bela Balassa

cc. Daniel Schydlofsky

December 31, 1969

Professor Michael Bruno  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Bruno:

Mail service between Israel and the U.S. appears less than adequate since neither Daniel Schydrowsky nor I have received your "Domestic Resource Costs and Effective Protection: Clarification and Synthesis". The following comments are confined to some aspects of your paper relating specifically to our article: the contention that we have deliberately (?) misinterpreted your writings on the domestic resource cost criterion and the allegation of theoretical errors. A more detailed reply dealing with the general issues raised by your paper will be written jointly by Schydrowsky and myself after we have received the final version.

Let me say at the outset that I object to the tone of the article where you often substitute invectives for reasoning. I am also surprised to see repeated references to "indirect correspondence" which has not in fact taken place. You go so far as to cite long excerpts from a letter you wrote to Vinod Dubey, a young economist at the Bank (and not a Bank official) who had taken it upon himself to send you internal memoranda from Bank files for the purpose of clarifying some points in his own writing. When six months later I was informed of this through Schydrowsky to whom you sent a copy of your letter of October 12, 1966 on April 10, 1967, I appropriately reprimanded Dubey and he could do little more than to apologize.

A copy of your letter thus reached Schydrowsky and myself after our article had been submitted to the Journal of Political Economy. We have subsequently inserted a reference to your brief treatment of the problem of inefficiency at various stages of production (as you note, somewhere along the line, a "4" has been transformed into a "6"). You refer somewhat derisively to this footnote; yet, indeed, you have failed to follow up the issue. In your book the calculation referred to above remains very much an aside and you abandon it in the subsequent article in the 1965 UN volume. In the latter paper, you consider solely DRC inclusive of direct and indirect costs and suggest its use as an indicator of comparative advantage.

In so doing, you had taken import coefficients as given and defined foreign exchange as a "factor" under this assumption. Our objections per-

tained precisely to this procedure and we suggested that comparative advantage should be expressed in terms of direct costs only. Making decisions on this basis permits one to choose the appropriate structure of imported inputs rather than taking this as given.

But how about our theoretical "errors"? You accuse us of defining the effective rate of protection in terms of tariffs only and repeatedly state that this is what most effective protection theorists apart from Guisinger and Lewis have been doing. In your discussion, you brush aside our statement on the need for making direct price comparisons in developing countries. But direct price comparisons are "old hat"; we have been doing it for years. Had you read our article and that by Guisinger and Lewis carefully, you would have discovered that both of these have been prepared in the framework of the project on the Structure of Protection in Developing Countries I have been directing. Guisinger's and Lewis's study is one among seven country studies; the enclosed paper, prepared for the Kindleberger volume, provides a comparative evaluation of the results while a book incorporating the country studies and several chapters written by myself will be published next year (Zwi Sussman has the first three chapters).

Similar observations pertain to the handling of nontraded goods. Not only do we clearly state in our article how nontraded goods are to be handled under Corden's definition but we have been making such calculations for years. While you may not have known about these calculations, you should at least have acknowledged our suggestions for the use of the semi-input-output method which you now endorse. Needless to say, this is not equivalent to DRC incorporating direct and indirect costs since the latter but not the former include domestically produced tradeable inputs.

You also seem to have disregarded our discussion of the conditions under which actual costs under protection can be used as an indication of comparative advantage; nor do I see the nature of your objections to our treatment of the equilibrium exchange rate. Finally, you suggest the use of the distinction between social and private effective rates without acknowledging that this distinction originates with us.

It appears then that while you accuse us of a "selective" reading of your earlier writings, you repeatedly do this with respect to our article, omitting relevant statements and qualifications and misinterpreting others. Thus, the reader may lose sight of what I consider to be the basic problem: whether the evaluation of projects and industries (ex ante or ex post) should be based on a consideration of direct costs alone or of direct and indirect costs taken together.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

February 16, 1970

Professor Paul Kuznets  
Indiana University  
Bloomington  
Indiana

Dear Paul:

I am told that you have recently completed a book on Korea's industrial development. I am doing some work on Korea and would be greatly interested in seeing your volume. I wonder if I may ask you to send me a copy.

Sincerely yours,

Bela Balassa

February 16, 1970

Mr. Douglas A. Nadeau  
Hogan & Hartson  
815 Connecticut Avenue  
Washington D.C. 20006

Dear Mr. Nadeau:

I am sending a letter of recommendation to George Washington University. It is not customary, however, to send a copy of the letter to the person involved.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

February 16, 1970

Chairman  
Department of Economics  
George Washington University  
Washington D.C.

Dear Sir:

I wish to recommend Mr. Douglas Nadeau for a part-time teaching position at your University. Mr. Nadeau was a student of mine in international economics class in 1962/63. He was one of the brighter lights in the class but he subsequently decided to switch to law. Mr. Nadeau's training in international economics qualifies him for the teaching of the subject. Your students might also be interested in having a teacher who knows the legal aspects of international trade.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

February 16, 1970

Dr. P. F. M. McLoughlin  
East African Development Bank  
P.O.Box 7128  
Kampala  
Uganda  
East Africa

Dear Dr. McLoughlin,

Many thanks for sending me your paper on the promotion of industrial investment in Africa, which I have read with interest.

I have not yet had the time to continue working on the problems of classification of developing countries. I might possibly get to it in the summer and will then send you a copy.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b>  30280549		
<b>Document Date</b> February 16, 1970	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: Bela Balassa To: Professor Semmt, Bundesinstitut fur ostwissenschaftliche und internationale Studien				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Financial Information iv				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> September 28, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022			



February 16, 1970

Professor Marcelo Selowsky  
Universidad Catolica de Chile  
Casilla 1114-D  
Santiago  
Chile

Dear Marcelo,

I am sorry to see from your letter of January 29 that it will not be possible to start working on the Chilean study at this time. I am now exploring the possibility of adjusting the timetable of the project so that the Chilean study could be included. It would be helpful for this if I had an answer from Eduardo Garcia on the chances for involving the Catholic University in the preparation of the input-output matrix.

It was good seeing you and I hope that we can find a solution for the Chilean study.

Sincerely yours,

Bela Balassa

February 16, 1970

Mr. J. M. Goldsen  
Yale University  
Concilium on International & Area Studies  
Hall of Graduate Studies  
New Haven  
Conn. 06520

Dear Mr. Goldsen:

It is difficult to tell after so many years which of my publications were helped by financial support of a Concilium grant. I don't even know by this time in which years I held such a grant, so I can hardly do more than select, more-or-less at random, two publications from my list. These are:

"European Integration: Problems and Issues",  
American Economic Review, Papers and Pro-  
ceedings, May 1963, pp.175-84

"The Dynamic Efficiency of the Soviet Economy",  
American Economic Review, Papers and Pro-  
ceedings, May 1964, pp.490-505.

Sincerely yours,

Bela Balassa  
Professor of Political Economy



# Record Removal Notice

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<b>Correspondents / Participants</b> From: Bela Balassa To: Donald Hayden, Auchincloss, Parker & Redpath				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Financial Information iv				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022			

February 16, 1970

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

Dear Professor Di Marco:

I may have found a topic that might be of interest for the Prebisch volume. While in earlier years Mr. Prebisch endorsed a policy of import substitution, in recent years he has increasingly turned to the possibilities of exporting manufactured goods. In this connection, the experience of Korea and Taiwan offers an interesting contrast to Latin America; these countries have succeeded in reaching high growth rates on the basis of an export oriented strategy. I would envisage writing a paper discussing their policies if you think that this would fit into the volume.

I would also like to know what the final date is for submission of the manuscript.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Mr. Moeen A. Qureshi

February 16, 1970

Andrew M. Kamarck

Study Group Meeting

This is to invite you to participate in the Meeting of the Study Group on Mr. Balassa's "Structure of Protection in Developing Countries" volume. The Meeting will be held on February 27 at 10.00 a.m. in the Conference Room on the fifth floor of the Bank's D Building; there will be a luncheon for participants at 1.00 p.m. in Dining Room B.

BBalassa:alj

February 16, 1970

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

Dear Mr. Liebling:

Being an economist and a believer in the theory of contrary opinion, I read with much interest last Friday's Wall Street Journal column on your market studies. It is high time that somebody has tried to apply this theory to data over a longer period.

My interest is not only theoretical but also practical. I would like to explore the possibility of having you handle an account for me. For the time being, I would like to transfer stocks in the value of \$25,000 to your firm. The size of the account could be subsequently increased.

I am sure that you have gotten a number of inquiries following the Wall Street Journal article. I would appreciate however receiving an early reply since this would be an especially appropriate time for me to change brokers; the firm that handles my account is merging with another.

With best regards,

Sincerely yours,

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

Bela Balassa  
Professor of Political Economy

February 13, 1970

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

Dear Mr. Marris:

I enclose part of the research proposal for a study of European integration. The parts on agriculture and relationships with developing countries are not included because I do not have extra copies.

I look forward to our lunch on Tuesday, 24th. I will be expecting you in my office (room no. D.450) a few minutes before 1.00 p.m.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

February 11, 1970

Professor Howard Pack  
Department of Economics  
Yale University  
New Haven, Conn.

Dear Howard:

Please will you send me a copy of your paper "Sectoral Change During the Development Process", presented at the December 1969 Meetings of the Econometric Society.

Sincerely yours,

Bela Balassa



February 11, 1970

Professor V. K. Chetty  
Department of Economics  
Columbia University  
New York, N.Y.

Dear Professor Chetty:

Please will you send me one copy of your paper "International Comparison of Production Functions in Manufacturing", presented at the December 1969 Meetings of the Econometric Society.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

February 10, 1970

Publications Department  
The Canadian-American Committee  
National Planning Association  
1606 New Hampshire Ave. N.W.  
Washington D.C. 20009

Dear Sirs:

Please send me one copy of A. E. Safarian's  
The Performance of Foreign-Owned Firms in Canada.  
My cheque for \$2.00 is enclosed.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

February 10, 1970

Mr. J. W. Stevens  
General Traffic Manager  
W. T. Cowan Inc.  
820 S. Oldham Street  
Baltimore, Md. 21224

Dear Mr. Stevens:

In your letter of January 27 you re-state your allegation that the estimate on the shipment in question pertained to household goods. I have in my possession the original estimate, copies of which are enclosed for the use of Captain Dunn and Mr. Hughes. This estimate, duly signed and with your stamp affixed, shows that the quotation given by you pertained to furniture.

Sincerely yours,

Bela Balassa

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

cc. Capt. F.T. Dunn  
Mr. W. L. Hughes

February 10, 1970

Professor Fritz Machlup  
International Finance Section  
Princeton University  
P.O.Box 644  
Princeton, N.J. 08540

Dear Fritz:

While I did not have my comment on paper at the time of delivery, I estimate that it will amount to between six and nine type-written, double-spaced pages. I hope that this length will be satisfactory.

It was good seeing you and I look forward to our meeting again in Madrid.

Sincerely yours,

Bela Balassa

February 10, 1970

Professor D. J. Daly  
York University  
Faculty of Administrative Studies  
4700 Keele Street  
Downsview 463  
Ontario

Dear Professor Daly:

The change you suggest is fine with me  
and I look forward to seeing your paper.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

February 9, 1970

Mr. Hugh H. Schwartz  
Assistant Professor  
Case Western Reserve University  
Department of Economics  
Cleveland Ohio 44106

Dear Hugh:

I read your research proposal with interest. I am afraid, however, that the research you suggest is not the kind the Bank would support.

I am sorry that I have to give you a negative answer and I hope that you will be able to get financing elsewhere.

I am always glad to hear from you.


Best regards,

Bela Balassa

## OFFICE MEMORANDUM

TO: Mr. Irving Friedman

DATE: February 9, 1970

FROM: Bela Balassa SUBJECT: Mr. Morse's Research Proposal

1. I have reviewed Mr. Morse's "An International Program for the Application of Clustering Techniques to Analysis of Manufacturing Production Functions". Mr. Morse also came to see me in my office to discuss the proposal. For reasons to be given below, I do not recommend that the Bank participate in financing it.
2. I do not see the usefulness of cluster analysis to the problem at hand. Surely, we need an industrial classification scheme but this should be based on product composition rather than on a collection of variables. A mistaken analogy is made with psychology where cluster analysis is indeed useful because a number of personal characteristics are relevant for the classification scheme and not just one.
3. Apart from the applicability of cluster analysis, I have doubts about the usefulness of deriving conclusions for developing countries from U.S. cross-section and time series data on production and transportation costs. To begin with, the four and five digit classification of the U.S. Census of Manufacturing Industries is rather aggregated so that meat processing or cereal products form one industry. Data on individual firms at this level of aggregation may well reflect differences in product composition and, needless to say, they will be affected by the age of the plant.
4. U.S. cross-section data of firms in a given year will thus have little applicability to other countries and especially to developing countries where the composition of products is often very different. This conclusion is strengthened if we consider U.S. time series data which are affected by shifts in product composition as well as technical change. At any rate, developing countries do not use the same classification scheme and changes in industrial classification scheme have taken place in the United States, too. Finally, the U.S. locational structure, which reflects historical factors as well as market availabilities and the cost of transportation in the U.S. itself, is irrelevant for developing countries.
5. Rather than using U.S. cost data, a study of individual industries in developing countries could be based on technological information and on cost data in the countries themselves. Such an investigation will be carried out for a limited range of products in six semi-industrial countries (Korea, Taiwan, Singapore, Israel, Argentina, and Colombia) by Mrs. Hughes in the framework of the "Development Strategies in Semi-Industrial Countries" project I am directing. This study will compare costs in physical as well as in value terms and will explore the question of the effects of changing factor prices on competitiveness.
6. Mention should also be made of the AID "Plant Requirement Profiles" that provide information of the manufacturing requirements of particular

products. This document has been utilized in several developing countries and it should properly serve as a starting point for further work in the area. A possible approach is to update the information provided by AID and to investigate alternative input combinations for manufacturing a given product.

cc. Messrs. Henderson  
Hughes  
Goreux

Diamond  
Kalmanoff  
Sundrum

BBalassa:alj



February 9, 1970

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

Dear John:

As per our telephone conversation, I wish to make the following suggestions:

1. For reasons indicated in the enclosed evaluation I do not recommend the publication of Boretsky's "Trends in U.S. Trade and the International Competitiveness of U.S. Industry".
2. You may wish to ask the following professors at Johns Hopkins to review Titner Sangupta's "Stochastic Economics": John Young, Operations Research Department; Joe Gastwerth, Statistics Department; and Leon Glazer, Statistics Department.
3. While I have not been able to get information on Novick, I consider it appropriate to express our strong interest in his proposed book.
4. I would trust Timothy King's judgment of the book on Mexico and act accordingly.

Sincerely yours,

Bela Balassa

Mr. Boretsky has put together a useful compendium that provides much interesting information on changes in the U.S. trade position during the sixties as well as on some other problems such as <sup>intercountry</sup> differences in R & D expenditures and in prices. The volume deserves to be published by some governmental organization. For reasons given below, however, it is not fit to appear on the Hopkins list.

The author shows a lack of familiarity with recent developments in the theory of international trade. At the beginning (p.16) as well as the end (p.135) of the volume he exhorts trade theorists to replace explanations of international specialization based on comparative costs (Ricardo-Haberler) and factor endowments (Heckscher-Ohlin) by new explanations based on technological factors. Such a transformation of trade theory has indeed been going on for years, and a number of economists have considered the effects on trade flows of investment in human capital, R & D expenditures, technological transfer, the product cycle etc. An appreciation of these developments would have helped to make the analysis more sophisticated.

There is also a certain lack of sophistication in the statistical method applied. To begin with, the method of classification utilized is rather crude; automobiles should not be included among technologically advanced products while unwrought metals belong to the materials rather than the manufactured goods category (pp.11-13). Furthermore, a more accurate evaluation of the results could have been given if the classification scheme employed was more detailed as in the studies of some other writers.

I cannot accept the author's contention that the "overheating" (of the American economy was a relatively unimportant cause of the deterioration of the U.S. competitive position. The author claims that, <sup>while</sup> the real growth of GNP and price increases "might have contributed something to the deterioration of

the balance, there is no reason for recognizing them as either decisive or even substantial contributors" (p.60). The data included in Table 6 on p.58 belie this contention while the experience of other countries is irrelevant for judging the situation. The table shows that in the United States the import-GNP ratio has been rising pari passu with the decline in the rate of unemployment which is a primary indication of overheating in the U.S. economy.

I wish to add finally that the discussion of relative price changes in the volume is rather inadequate. Uncritical use is made of the implicit GNP deflator and the cost-of-living index which do not appropriately measure changes in the prices of traded goods. The NBER study and other available data equally show price trends moving more unfavorably to the U.S. as the author alleges. Better measures of competitiveness, then, would have contributed to a better appreciation of the efforts of the deterioration of U.S. price competitiveness on the balance of payments.

Mr. Louis Goreux

February 9, 1970

Bela Balassa

Research Projects

I like the research proposal for the study of fertilizers in East Africa. I am afraid, however, that I cannot say the same thing on the Yale Growth Center's project. They should be able to do much better than this.

The objective of the Growth Center's project is laudable. Indeed, we know little of the technological choices available to less developed countries. What I do not see is how this objective will be served by the proposed project. Historical data will hardly make it possible to deal with the question; one rather needs hard facts, i.e. technological information. Nor do I find much interest in the other two parts of the proposed research agenda.

BBalassa:alj

February 6, 1970

Mr. Wyndham Anderson  
Director  
Teaching Internship Program  
Woodrow Wilson National  
Fellowship Foundation  
32 Nassau Street  
Princeton, N.J. 08540

Dear Mr. Anderson:

This is in response to your letter of January 22 requesting my opinion of Subidey Togan as a candidate for a teaching internship program at the Woodrow Wilson School.

I highly recommend Mr. Togan for the program. I have been advising him on his dissertation and I am impressed by his research ability and technical competence. While I do not know of any work he has done with students, I expect that he will be effective in the classroom and in personal discussions. I wish to add that Mr. Togan plans to return to Turkey and participation in the Woodrow Wilson program would importantly contribute to his success as a teacher in his home country.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

February 5, 1970

Mr. Martin Lagos  
Fundacion de Investigaciones  
Economicas Latinamericanas  
Esmeralda 320  
Buenos Aires  
Argentina

Dear Mr. Lagos:

We are planning to include Argentina in a research project to be carried out under my direction at the World Bank. Daniel Schydlofsky and I will go to Buenos Aires in the first days of April and we would like then to have discussions with you on this study.

In the meantime, I would appreciate receiving any papers you might have written on protection in Argentina. Marcelo Selowsky told me about your interest in the subject and I would like to familiarize myself with your work. I would also be interested in receiving a copy, in English or in Spanish, of the industrial cost comparisons made at FIEL.

With best regards,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

cc. Daniel Schydlofsky

## OFFICE MEMORANDUM

TO: Chief Economists (as below)

DATE: February 3, 1970

FROM: Alexander Stevenson *AS*SUBJECT: "The Structure of Protection in Developing Countries"

Under the chairmanship of Mr. Kamarck, a Study Group will discuss Mr. Balassa's volume on "The Structure of Protection in Developing Countries". The composition of the Study Group is shown on the enclosed list.

The volume covers the following countries: Brazil, Chile, Mexico, Malaya, Pakistan, Philippines, and Norway. Additional chapters deal with conceptual issues, methodology, comparison and evaluation of the results (see outline). I would appreciate it if those in your department responsible for the countries included could provide written comments on the relevant chapters by February 25. The relevant country chapters are enclosed; other chapters can be obtained from Miss Jeffery, 2781.

Distribution: Messrs. Avramovic  
Lerdau  
McDiarmid  
Blobel

BBalassa:alj

February 3, 1970

Professor Peter Clark  
Department of Economics  
Duke University  
Durham  
North Carolina

Dear Peter:

I enclose a revised draft of "The Impact of the Industrial Countries' Tariff Structure on their Imports of Manufactures from Less Developed Areas: A Reply". I would appreciate your comments on it and would like to know if you find the reference to your work appropriate. I look forward to getting your own paper and will send my comments immediately so that the two papers can be submitted to Economica simultaneously. I am anxious to do this as soon as possible since I promised a revised version to Economica by the end of January.

I also enclose the Balassa-Guisinger-Schydrowsky paper that will appear in the Journal of Political Economy, and a copy of a paper by Schydrowsky that bears on some of the issues you plan to discuss in your note. The Schydrowsky paper has not been published but it has been widely circulated. You would have to contact him directly if you want to cite it in any way. He is an assistant professor at Harvard.

I greatly enjoyed meeting you and I look forward to receiving your comments and paper.

Sincerely yours,

Bela Balassa



February 3, 1970

Professor Larry Westphal  
c/o Mr. Thomas Olmsted  
USAID Economic Branch  
United States Mission - Korea  
APO San Francisco 96301, Cal.

Dear Larry:

Having recently returned from a Latin American trip, I am now trying to prepare the budget for the Development Strategies in Semi-Industrial Countries project for the 1970/71 budgetary year. I would need for this an estimate of the expenses of research assistance involved with the Korean study. Could you please send me a rough estimate at the earliest; this will also permit me to take steps so that you and Kim Mahn Je receive the contract.

I got my papers from Marge but these did not include the note on the Korean study we prepared before my departure. Could you please send a copy to me with the estimate of research assistance.

I hope things are going well. With best regards to Myrt and to all my friends in Korea,

Bela Balassa

February 3, 1970

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

Dear Gerardo:

This is to invite you to participate in the meeting of the Study Group on "The Structure of Protection in Developing Countries". The meeting will be held on February 27 at 10.00 a.m. and will last the entire day.

I am afraid that inasmuch as the budget for the project has been exhausted, we are not able to pay for your transportation from Mexico to Washington. We very much hope, however, that given the importance of this matter and the potential usefulness of the conclusions reached in the volume for Mexico, it will be possible for Nacional Financiera to finance your trip.

With sincere regards,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

February 3, 1970

Professor Marcelo Selowsky  
Casilla 10001  
Santiago  
Chile

Dear Marcelo:

I enclose a copy of a letter to Eduardo Garcia. I hope to hear from him soon.

It was good to see you in Santiago.

With best regards,

Sincerely yours,

Bela Balassa

February 3, 1970

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

Dear Augustine:

Helen Hughes told me of her visit with you and the progress you have made in the study. I would like to inform you that we plan to have a meeting on methodology in early May in which we would like to have your participation. I will send you a preliminary paper in advance and the Bank's Travel Office will make out your ticket.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa

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

February 2, 1970

District Delivery Service  
P.O.Box 1805  
Washington D.C. 20013

Dear Sirs:

Your bill for the first quarter of 1970 is in error. I have ordered the weekday edition of the "New York Times" only and have never received any of the Sunday issues, nor do I wish to receive them in the future. The amount of the bill should therefore be \$11.70, not \$21.45 as you have charged. I sent you earlier the correct amount.

Sincerely yours,

Bela Balassa

Mr. Andrew Kamarck

February 2, 1970

Bela Balassa

Report on Activities - January 1970

Structure of Protection in Developing Countries

- Completed chapter 5, "Evaluation and Policy Recommendations".
- Revised Appendix to Chilean chapter.
- Had discussions on the Mexican chapter with Gerardo Bueno in Mexico City on January 4-6.
- Had discussions on the Chilean chapter with Teresa Jeanneret.

Development Strategies in Semi-Industrial Countries

- Had discussions in Santiago with government officials and Marcelo Selowsky, a prospective contributor, on the inclusion of Chile in the project on January 19-20.

Other Activities

- Lectured in Caracas at the invitation of the Central University of Venezuela on January 11-15.

Other Studies

- Revised "The Impact of the Industrial Countries' Tariff Structure on their Imports of Manufactures from Less Developed Areas: A Reply" for publication in Economia.
- Final revision of "Growth Performance of Eastern European Economies and Comparable Western European Countries" for publication in the American Economic Review.

cc. Mr. Stevenson  
Mrs. Hughes

BBalassa:alj

January 30, 1970

UNCTAD  
Information Service  
Palais des Nations  
1211 Geneva 10  
Switzerland

Dear Sirs:

Please send me one copy of the following  
document -

Increases in tariff differentials between  
raw materials, semi-manufactures and manu-  
factures at different stages of processing  
resulting from the Kennedy Round of Tariff  
Reductions (TD/B/C.2/92)

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Mr. Alexander Stevenson

January 30, 1970

Bela Balassa

Offprints of my article on Norway

I have ordered an additional 100 copies of my paper "Industrial Development in an Open Economy: The Case of Norway" for distribution to people inside and outside the Bank whose names are contained in the list you earlier approved. I wish to request, therefore, that payment in the amount of \$21.60 be made to the Clarendon Press, Oxford, according to the enclosed bill.

BBalassa:alj



January 30, 1970

Professor Odd Aukrust  
The Review of Income and Wealth  
Central Bureau of Statistics  
Oslo Dep.  
Oslo 1  
Norway

Dear Professor Aukrust,

Thank you for your letter of January 8 and for your kind offer to include our paper on "Growth Performance of Eastern European Economies and Comparable Western European Countries" in the Review of Income and Wealth. I am afraid, however, inasmuch as this paper was prepared for the December Meetings of the American Economic Association, it will appear in the Papers and Proceedings of the American Economic Review.

I am sending a copy of this letter to Mr. Stanford Berg at Yale.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

cc. Mr. Berg

January 30, 1970

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

Dear Herbert,

Many thanks for your letter of January 13. While I have not done a study of the structure of protection of West Germany, I have made calculations both before and after the Kennedy Round on protection in the Common Market. I enclose copies of these studies in case you have not received them. Both of my studies analyse the common tariff of the EEC, hence the results also have applicability to Germany. The only difference would be in weighting tariffs but I wonder if this warrants a re-working of the estimates for the German case.

While my plans are not fixed yet, I am likely to come to Europe in late May or early June for a stay of possibly two months. I will spend some time in Hungary and Paris and will also visit Israel. Should you schedule the meeting during the period indicated I might possibly be able to participate.

Sincerely yours,

Bela Balassa

January 30, 1970

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

Dear Dr. Gottinger,

Thank you for your letter of December 15. I am afraid, however, that I will not be able to prepare a contribution to your volume by July 1st since I plan to be in Hungary in June or July and could prepare the paper following my visit there. Thus my contribution to the volume is contingent upon your extending the deadline to the early fall.

Sincerely yours

Be

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

January 30, 1970

Houghton Mifflin  
2 Park Street  
Boston  
Mass. 02107

Dear Sirs:

I would appreciate your sending me two of your books of readings which include papers written by me. The titles are:

- Capitalism, Market Socialism, and Central Planning
- International Economics and Business

Sincerely yours,

Bela Balassa  
Professor of International Economy  
-E

January 30, 1970

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

Dear John:

In reference to an earlier conversation, I would like to ask you to send me copies of the following books:

Adelman-Morris, Society, Politics and Economic Development  
Harvey S. Perloff, Alliance for Progress  
Vito Tanzi, The Individual Income Tax and Economic Growth  
Walter D. Fisher, Clustering and Aggregation in Economics  
Orris C. Herfindahl, Natural Resource Information for  
Economic Development  
Harvey S. Perloff (ed.), The Quality of the Urban Environment

Sincerely yours,

Bela Balassa

January 30, 1970

Mr. Alfred G. Parmelee  
Summit Management & Research Corp.  
437 Madison Avenue  
New York  
N.Y. 10022

Dear Fred:

*calculation* Last year has indeed been dismal. As the enclosed ~~circular~~ indicates, there has been an over 25 percent decline in the value of my account since the end of 1968 and a substantial decrease is shown also compared to the end of 1967. By contrast, the decline in the Hedge Fund since the end of 1968 has been only 17 percent. I hope that we may have the opposite results in 1970!

With best wishes for the New Year,

Sincerely yours,

Bela Balassa

P.S.

In your circular you speak of three forms to be filled out; I have received only two which I am enclosing signed.



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b>  30280549		
<b>Document Date</b> Jan. 30, 1970	<b>Document Type</b> Report			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> Accounts of Bela Balassa				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> September 28, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022			

January 30, 1970

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

Dear Don:

Many thanks for your letter of January 6 and for the copies & bill which arrived in time. The book looks very good and I hope that we will have substantial sales.

I assume that the book has been sent to everybody whose articles are included in it. Also I enclose a list of professors in the international area to whom I suggest that the book be sent. The list includes some British economists on the assumption that you are selling in Britain too.

I wish to order an additional 40 copies of the book to be sent to my address at the World Bank. The amount of your bill for the additional copies should be charged to my royalty account.

Sincerely yours,

Bela Balassa



Hollis B. Chenery	Harvard
Albert O. Hirschman	"
Richard E. Caves	"
Gottfried Haberler	"
Jagdish Bhagwati	M.I.T.
Raymond W. Goldsmith	Yale
Lloyd G. Reynolds	"
Tibor Scitovsky	"
Gustav Ranis	"
A. C. Harberger	Chicago
Robert Mundell	"
Peter B. Kenen	Columbia
William A. Lewis	Princeton
Wolfgang F. Stolper	Michigan
Erik Thorbecke	Iowa
Raymond F. Mikesell	Oregon
Harry G. Johnson	Chicago
Hla Myint	London School of Economics
W. M. Corden	Nuffield Coll., Oxford
Dudley Seers	Un. of Sussex, Brighton, England
Henry Wallich	Yale
William Fellner	Yale
Irma Adelman	Northwestern
Donald Keesing	Stanford
Carlos Diaz-Alejandro	Yale

January 29, 1970

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

Dear Max,

I look forward to receiving your note destined for the J.P.E. and any further chapters of your book as they become available.

I am sorry for not having been able to see you at the Meetings.

With best regards,

Sincerely yours,

Bela Balassa

**A/c No.**  
040 221 040 5 100AX

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

January 29, 1970

**Miss M. Sammon**  
Customer Relations  
American Express  
Post Office Box 1934  
New York, N.Y. 10008

Dear Miss Sammon:

My statement of January 14 does not contain the correction for a charge of \$28.97 wrongly debited to my account; the correction was requested in my letter of December 31 to you. Hence, the statement incorrectly indicates that my "account is now past due". I would appreciate it if you had my account rectified immediately.

Sincerely yours,

Bela Balassa

cc. Accounts Department

Mr. Alexander Stevenson

January 29, 1970

Bela Balassa

James Gavin

I would like to alert you to the possibility of Mr. James Gavin being available for a position with the Industrialization Division. Mr. Gavin, a former student of mine at Berkeley, has been doing research in industrial project analysis and has recently completed his thesis on the pulp and paper industry in Chile. He is presently teaching at the Catholic University in Santiago, Chile, is interested in joining the Bank and would like to do work on problems of industrial policy and project analysis.

Mr. Gavin is 35 years old and a British national. He will write to the Personnel Department for the Personal History Form in the near future. I would like to add that Mr. Gavin's background and capabilities would make him a suitable candidate for such a position and he would represent a welcome addition to the Industrialization Division.

cc. Mr. Kamarck  
Mrs. Hughes

BBalassa:alj

December 31, 1969

Mr. D. Kochav  
91 The University Street  
Ramat-Aviv  
Israel

Dear David:

Many thanks for your card. I was in Israel between December 20 and 24 and tried to contact you but I was informed that you were abroad. In fact David Sassoon tells me that you were in Washington at the time. Having contracted Swi Sussman for a study sponsored by the World Bank, I will again come to Israel some time during the summer and I hope to see you then. Should you come to Washington in the meantime, I would be glad if I could meet you here.

Sincerely yours,

Bela Balassa

Mr. H. James Dyck

December 31, 1969

Bela Balassa

Mr. G. S. Gupta

While Mr. Gupta has not been my student at Hopkins I know him from the dissertation seminar where he has made presentations. He appears to be a hard-working individual who has a good background in economic theory and in econometrics. I wonder, however, if he would be appropriate for the Bank's Young Professional program. His interests pertain chiefly to theoretical problems and he might have difficulties in adjusting to the kind of work he would need to perform at the Bank. Also, his English is poor and this deficiency is accentuated by his manner of speaking.

BBalassa:alj

Express  
Special Delivery

December 31, 1969

Mr. Gerardo Bueno  
Nacional Financiera S.A.  
Apartado Postal No. 353  
V. Caranza No. 25  
Mexico 1, D.F.

Dear Gerardo:

I am arriving in Mexico on Saturday, January 3rd at 23.25 hours on flight EA907 from Baltimore, and will be staying at the Maria Isabel Hotel. I would appreciate it if we could start discussions on your chapter on Sunday. Could you please call me at the hotel in the morning.

Sincerely yours,

Bela Balassa

Special Delivery

December 31, 1969

Dr. Daniel Schydrowsky  
1716 Cambridge Street  
Apt. 32  
Cambridge  
Mass.

Dear Dani:

Enclosed is a copy of my letter to Bruno as well as some comments on the Bruno paper for the JPE. I had very little time for writing these comments and I would appreciate it if you could re-write them. Please call me collect on Friday or Saturday morning at my office.

Sincerely yours,

Bela Balassa



## OFFICE MEMORANDUM

TO: Chairman, Publications Committee

DATE: December 30, 1969

FROM: Andrew M. Kamarck. *Kamarck*SUBJECT: "The Structure of Protection in Developing Countries"

In my memo of July 21, 1967, I informed the Publications Committee on work under way on the above research project, sponsored jointly by the International Bank for Reconstruction and Development and the Inter-American Development Bank and directed by Mr. Bela Balassa in his capacity as Consultant to the Economics Department of the Bank. The purpose of the research project is to provide a comparative evaluation of the system of protection in selected developing countries and to make suggestions for future improvements. The project covers Brazil, Chile, Mexico, Malaya, Pakistan, the Philippines and, for purposes of comparison, Norway.

The volume containing the country studies and the comparative chapters will be sent to the Committee in mimeographed form in the first half of January. The Study Group reviewing the volume will meet in late February and I will transmit its conclusions to Committee members. Mr. Balassa plans to revise the volume following the receipt of comments so as to make possible publication in book form before the end of 1970.

cc. Messrs. Balassa  
Please  
Latimer

BBalassa:alj

December 30, 1969

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

Dear Tibor:

I agreed with Kamarek to schedule the meeting of the Study Group for February 23 at 10.00 a.m. in the Conference Room on the fifth floor (D Building). I am told now that chapter 4 has not been mailed; it will be sent together with the Mexican chapter early next week. Chapter 5 will follow in mid-January.

With sincere regards and best wishes for the New Year,

Bela Balassa

December 30, 1969

The Manager  
Customer Relations  
T.W.A.  
605 Third Avenue  
New York, N.Y.

Dear Sir:

On December 19, 1969, I was a first class passenger on your flight 743 from Taiwan to Tel Aviv. During the five-hour overlay in Hong Kong I incurred an expenditure of HK\$30 (US\$5) for lunch. Your Hong Kong office did not reimburse me for this expenditure on the grounds that I should have taken lunch at the hotel where a room was provided for me. I was not aware of any such restriction and, at any rate, the expenditure does not exceed the \$5 limit provided by your company. I would appreciate it if you would send me a check in the amount indicated. A copy of the restaurant bill is enclosed.

Sincerely yours,

Bela Balassa

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

Mr. J. H. Collier

December 30, 1969

Bela Balassa

Mission to East Africa

Enclosed are copies of letters, memoranda, etc. relating to the aborted East Africa mission. I saw Lou Walinsky today at lunch and he also asked me for these papers. Would you be so kind as to pass them over to him after perusal.

BBalassa:alj

December 30, 1969

Miss Diana Hobson  
Secretary to the QJE  
Littauer Center  
Cambridge, Mass. 02138

Dear Miss Hobson:

I enclose an abstract of my article  
"Growth Strategies in Semi-Industrial Coun-  
tries" for the Journal of Economic Literature.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

In this paper, semi-industrial countries are defined as those where the share of manufacturing in commodity production is in the 45-50 percent range. The paper examines the policies followed by six semi-industrial countries in the postwar period, with emphasis on their attitudes towards participation in the international division of labor as exemplified by the choice between inward-looking and outward-looking strategies. An inward-looking strategy tends to minimize the gains from international specialization by favoring production for domestic use over exports and imports and it benefits manufacturing industries at the expense of primary activities. Conversely, an outward-looking strategy exposes domestic firms to world competition by providing essentially the same opportunities for domestic and foreign producers in home markets and it encourages exports by equalizing opportunities for sales in home and in foreign markets.

It is concluded that inward-looking strategy involves a static cost of inefficiencies in resource allocation due to discrimination among producing activities, and this cost is not offset by dynamic benefits. Rather, the continued sheltering of domestic industry from foreign competition and disincentives to exporting involve a dynamic cost to the national economy in the form of opportunities foregone for improvements in productivity. These adverse consequences of an inward-looking strategy are shown through the postwar experience of Argentina, Chile, Czechoslovakia, and Hungary. By contrast, in Denmark and Norway industries have had to meet the test of the world market, and the carrot and the stick of foreign competition has provided inducement for improvements in production methods.

Journal of Economic Literature

## OFFICE MEMORANDUM

TO: Mr. Andrew Kamarck

DATE: December 29, 1969

FROM: Bela Balassa

SUBJECT: Back-to-Office Report on Development Strategies project: Korea, Taiwan,  
and Israel, December 8-24.

1. In the period indicated I visited Korea, Taiwan, and Israel for discussions on studies to be carried out in these countries as part of the "Development Strategies in Semi-Industrial Countries" project. In Korea I also advised the government on trade policy and export projections as reported in another memo addressed to Mr. Goodman.
2. Work on the Korean study has started under the direction of Professors Westphal and Kim Mahn Je. We have the full cooperation of the Economic Planning Bureau that plans to use the results of the study in its work on the Third Five Year Plan. EPB also provides research assistance and computer facilities for the study and we have an economist on loan from USAID until August 1970. A memo containing the results of my discussions with Westphal and Kim Mahn Je is being prepared.
3. In Taiwan, Dr. Lee has obtained the collaboration of Dr. Liang, an excellent young economist who has just submitted his Ph.D. thesis on trade policy in Taiwan to Vanderbilt University. The 1966 input-output table for Taiwan is now complete and this will provide the framework for the study. We are also assured of having data in greater detail whenever necessary and work is starting on the evaluation of the tariff structure and on price comparisons.
4. Dr. Zwi Sussman, the Director of the Research Department of the Bank of Israel, has expressed willingness to undertake the study on Israel. Under authorization from Dr. Horowitz, Sussman will do the bulk of the work on leave from the Bank of Israel. In carrying out the study, he will utilize the results of various research projects under way at the Bank of Israel and will initiate additional investigations on particular problems.

cc. Messrs. Stevenson  
Kalmanoff  
Mrs. Hughes

Goodman  
Fontein  
McDiarmid

Benjenk  
Hartwich  
Thompson

BBalassa:alj

## OFFICE MEMORANDUM

Confidential

TO: Mr. Raymond J. Goodman

DATE: December 29, 1969

FROM: Bela Balassa

OCT 04 2022

SUBJECT: Back-to-Office Report on Korea, December 8-17

WBG ARCHIVES

1. During my stay in Seoul I advised the government on trade policy, provided guidelines for projecting exports for the Third Five Year Plan, and had discussions on the Korean study in the Development Strategies in Semi-Industrial Countries project. I enclose a copy of the draft of my recommendations on trade policy; the paper on the guidelines for export forecasting is available from my office; while the Korean study is dealt with in a separate back-to-office report.
2. I find that my analysis of the trade and balance-of-payments situation in August 1969 has been by-and-large confirmed by the events that have taken place since. The Korean balance of payments has deteriorated further in the first three quarters of 1969 and the deficit for the entire year is likely to reach about \$800 million. The 4.5 percent devaluation of the won undertaken in November will hardly do more than offset the price increases in the second half of the year while the large expansion of the money supply associated with the presidential referendum has aggravated inflationary pressures.
3. For the next nine months or so, the government plans to carry out disinflationary fiscal and monetary policies with the aim to slow down price increases and improve the balance of payments. This would be followed by a period of expansion prior to the presidential election. It is not envisaged, however, that a devaluation would take place before the election to be held in May 1972. An earlier devaluation is said to be obstructed by opposition on the part of private borrowers of foreign capital; the fear of price increases triggered by a devaluation; and the political risk involved.
4. In conversations with the Deputy Prime Minister and the Finance Minister, I expressed the view that fiscal and monetary policies alone may not be sufficient to improve the balance of payments to the extent necessary or if they are successful, it would involve an overly high cost in terms of unemployment and decreases in expected investment. At the same time, price increases would follow also if import restrictions and export subsidies were applied in lieu of a devaluation. Finally, low interest rates combined with an overvalued exchange rate provide incentives for additional borrowing abroad.
5. It is difficult to escape the conclusion that Korea would need to devalue at an early date. Should political considerations make this impossible, I raised the possibility of applying a uniform import surcharge and export subsidy as a temporary expedient. The application of a surcharge-subsidy scheme would obviate opposition on the part of private borrowers of foreign capital since it would not affect the domestic currency equivalent of servicing the foreign debt while the contracting of new debt could be discouraged by applying an interest equalization tax. This alternative is also likely to involve less political risk and it could be transformed into a



devaluation after the election. The application of such measures is not without precedent; they were used by France in the mid-fifties and were replaced by a devaluation in 1958.

6. In discussions with officials of the Korean government I emphasized that the recommendations I made represent my own views and not necessarily those of the Bank. I have also indicated that they will receive a copy of my paper after clearance by your Department.

cc. Messrs. Fontein  
McDiarmid  
Street  
Kraske  
Yang

Kamarck  
Stevenson

BBalassa:alj

December 18, 1969

Professor Marcelo Selowsky  
Casilla 10001  
Santiago de Chile

Dear Professor Selowsky:

Mr. Balassa plans to arrive in Santiago on Monday, January 19 on flight AF217 from Caracas at 5.10 p.m. He will be leaving on Wednesday, January 21 on a 9.00 p.m. flight.

Sincerely yours,

Secretary to  
Bela Balassa

December 18, 1969

Mr. Gerardo Bueno  
Nacional Financiera S.A.  
Apartado Postal No. 353  
V. Caranza No. 25  
Mexico 1, D.F.

Dear Mr. Bueno:

Mr. Balassa will be arriving in Mexico City on Sunday, January 4 at 2.41 p.m. on flight AA93 from Baltimore via Dallas, and he will remain until Tuesday, January 6 when he leaves on a flight at 2.30 p.m.

Sincerely yours,

Secretary to  
Bela Balassa



December 18, 1969

Dr. Daniel Schydrowsky  
Harvard University  
Center for International Affairs  
Development Advisory Service  
1737 Cambridge Street  
Cambridge, Mass. 02138

Dear Dani:

Many thanks for your comments. I found a number of them useful in revising the paper. A copy of the revised version is enclosed.

As I indicate in the text, it is useful to estimate effective protection by employing both free trade and domestic input-output coefficients even in the case of low substitution elasticities between primary factors and intermediate inputs. As to the definition of effective protection, this is in line with the one whose use I suggested in our joint note. Returns to primary factors means the same thing as the price of value added if we take primary factors as a unit.

We do not seem to agree on the conclusion that "differences in the results obtained are largely explained by considerations unrelated to the substitution issue". I think that this is satisfactorily shown in Section V by reference to the estimates for the individual countries. At any rate, the substitution-induced bias should show up in the results unless there is a bias in the opposite direction for which there is no evidence.

Sincerely yours,

*Anne Jeffrey*

*pp* Bela Balassa

P.S.

I also enclose a copy of the last four pages of the draft of Chapter 4 of my book. This explains the adjustment for the growth rates in somewhat greater detail.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

December 18, 1969

Professor Jagdish N. Bhagwati  
M.I.T.  
Department of Economics  
E52-280B  
Cambridge  
Mass. 02139

Dear Jagdish:

Many thanks for your very useful comments on my "Effective Protection in Developing Countries". As to the first, its importance is judged differently by different people with the late Ramaswami, Srinivasan, and yourself apparently on one side, and Corden and myself on the other. I enclose a copy of the consolidated comments on Travis by Guisinger, Schydrowsky, and myself which deal with the practical importance of the substitution issue.

The problem of less than infinite export demand elasticities can be handled in the way I suggest in the text. I have also tried to take care of the other comments you have made.

I have done the revision on the 'plane between Washington and Seoul and the paper will be typed and sent to you in my absence. Unfortunately, I could not consult your book other than Chapter XVII (this has been returned to you in the meantime) or the final version of the Ramaswami-Srinivasan piece which I have not received. I will look at both of them (provided that you send me a copy of R-S) upon my return at Christmas and make the necessary corrections then.

Many thanks again,

With best regards,

*Bela Balassa*  
Bela Balassa

P.S. I enclose three copies of the paper. Other copies are being sent to Jones, Mundell, and Vanek. They also had the earlier version.



1818 H Street, N.W., Washington, D. C. 20433, U.S.

Area Code 202 • Telephone - EXecutive 3 6360 • Cable Address - INTBAFK...

December 17, 1969

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

Dear Max,

I enclose a copy of my "Effective Protection in Developing Countries", to appear in the Kindleberger volume. A copy of the consolidated comments of Guisinger, Schydrowsky, and myself is also enclosed with the request that you let me know whether we have correctly cited your forthcoming book.


Sincerely yours,

*Bela Balassa*  
pp Bela Balassa

## OFFICE MEMORANDUM

TO: All contributors

DATE: December 17, 1969

FROM: Bela Balassa SUBJECT: Pakistani chapter

I enclose the revised version of the Pakistani chapter. This contains more evaluation of the results than any of the others and you may wish to peruse it in suggesting final revisions in your study.

The Chilean chapter is also enclosed.

BBalassa:alj

December 17, 1969

Professor Stephen R. Lewis, Jr.  
Williams College  
Department of Economics  
Williamstown, Mass. 01267

Dear Steve:

I enclose two copies of the edited version of your study. In the course of editing I have tried to eliminate repetitions and have also recalculated the exchange rate at which domestic production becomes competitive according to the formula provided in the text. You may wish to look at the conclusions where I have incorporated Nurul Islam's results which you quote in the Appendix. This gives a somewhat different slant to the conclusions.

Needless to say, I will make any corrections you suggest in the published version. Please indicate these on one of the copies I send to you.

Sincerely yours,

Bela Balassa

cc. Stephen Guisinger



Home Address

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

December <sup>16</sup> 12, 1969

Bankers Trust Co.  
P.O.Box 4640  
Grand Central Station  
New York, N.Y. 10017

Dear Sirs:

Please find herewith the signed forms for setting up a pension plan under the Keogh plan with the First Multifund of America Inc. The enclosed check for \$2510 should cover my contribution for the year 1969 as well as the custodian fee.

Very truly yours,

Bela Balassa

Mr. Bela Balassa

December 11, 1969

Alexander Stevenson

Terms of Reference

You are requested to travel to Mexico on January 4 for consultations on the "Structure of Protection in Mexico" study; you are then requested to go to Chile for discussions on the "Development Strategies in Semi-Industrial Countries" project.

cc. Mrs. Armstrong

BBalassa:alj

December 10, 1969

Professor Gottfried Haberler  
Editor  
Quarterly Journal of Economics  
Littauer Center  
Cambridge, Mass. 02138

Dear Professor Haberler:

In Mr. Balassa's absence in the Far East, I wish to thank you for your letter concerning his honorarium and five-year subscription.

Sincerely yours,

Secretary to  
Bela Balassa

December 10, 1969

Miss Diana Hobson  
Secretary to the QJE  
Littauer Center  
Cambridge Mass. 02138

Dear Miss Hobson:

We have received your letter of December 8 concerning an abstract from Mr. Balassa of his article "Development Strategies in Semi-Industrial Countries". He is at present travelling in the Far East but I have forwarded your letter to him, and no doubt he will write the abstract as soon as possible.

Sincerely yours,

Secretary to  
Bela Balassa

## OFFICE MEMORANDUM

TO: Recipients of the "Structure of Protection in Developing Countries" Volume      DATE: December 10, 1969

FROM: Bela Balassa

SUBJECT: Distribution Schedule

In the course of December, we will distribute the country studies for Pakistan, Chile and Mexico as well as a preliminary version of the comparative chapter (ch. 4) on the results of the country studies. Chapter 5, containing an evaluation of the experience with protection of the seven countries under study, will follow in January.

Comments and suggestions for the final revision of the chapters would be appreciated.

BBalassa:alj

December 10, 1969

Mr. George Bowen  
The Associated Press  
210 N. Calvert Street  
Baltimore, Md. 21203

Dear Mr. Bowen:

Enclosed is my paper on the international economy in the nineteen-sixties as requested in your letter of November 18. I also enclose a curriculum vitae and list of publications; I am afraid that I do not have a recent photograph.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

December 9, 1969

Dr. T. H. Lee  
Senior Economist  
Joint Commission on Rural Reconstruction  
37 Nankai Road  
Taipei City  
Taiwan

Dear Dr. Lee,

Mr. Balassa will arrive in Taipei on  
December 17 at 12.45 p.m. on flight CI 809  
from Seoul. He will arrive at your office  
at 2.30 p.m. on the same day.

Sincerely yours,

Secretary to  
Bela Balassa

December 9, 1969

Professor Michael Bruno  
Department of Economics  
The Hebrew University  
Jerusalem  
Israel

Dear Professor Bruno:

Mr. Balassa will be arriving in Israel on Saturday, December 20 on flight TW.743 from Taipei. He will be staying at the King's Hotel in Jerusalem and asks if you would please contact him there in order to arrange a time when he can come and see you.

Sincerely yours,

Secretary to  
Bela Balassa



December 9, 1969

Professor M. Michaely  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Michaely:

Mr. Balassa will be arriving in Israel on Saturday, December 20 on flight TW.743 from Taipei. He will be staying at the King's Hotel in Jerusalem and asks if you would please contact him there in order to arrange a time when he can come and see you.

Sincerely yours,

Secretary to  
Bela Balassa

December 9, 1969

Professor H. Barkai  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Barkai:

Mr. Balassa will be arriving in Israel on Saturday, December 20 on flight TW.743 from Taipei. He will be staying at the King's Hotel in Jerusalem and asks if you would please contact him there in order to arrange a time when he can come and see you.

Sincerely yours,

Secretary to  
Bela Balassa

December 9, 1969

Mr. Dov Genochowski  
Bank of Israel  
Jerusalem  
Israel

Dear Mr. Genochowski:

Mr. Balassa will be arriving in Israel on Saturday, December 20 on flight TW.743 from Taipei. He will be staying at the King's Hotel in Jerusalem and asks if you would please contact him there in order to arrange a time when he can come and see you.

Sincerely yours,

Secretary to  
Bela Balassa

December 8, 1969

Professor B. S. Yamey  
Editor  
Economica  
London School of Economics & Political Science  
Houghton Street  
Aldwych  
London W.C.2.

Dear Professor Yamey:

Thank you for your letter of November 26 with regard to "The Impact of the Industrial Countries' Tariff Structure on Their Imports of Manufactures from Less Developed Areas: A Reply". Mr. Balassa will reply on his return to the States on December 24.

Sincerely yours,

Secretary to  
Bela Balassa

December 5, 1969

Mr. Joseph Grunwald  
The Brookings Institution  
1775 Massachusetts Avenue  
Washington D.C. 20036

Dear Joe :

I much enjoyed the lunch we had the other day and I look forward to our cooperation in the projects undertaken by Brookings and by the Bank.

I return Peter Knight's paper with some marginal comments. In case I have not sent it to you yet, I also enclose a copy of the reply to Travis.

Sincerely yours,

Bela Balassa

December 5, 1969

Professor Michael Bruno  
Department of Economics  
The Hebrew University  
Jerusalem  
Israel

Dear Professor Bruno:

Many thanks for your letter of November 26. In the meantime we have written to Mr. Genochowski of the Bank of Israel and I am writing today to Professors Michaeli and Barkai.

I look forward to seeing you during my stay in Israel.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

December 4, 1969

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

Dear John:

Many thanks for your letter of November 18 and for sending me the re-revised version of the Malaysian study. I am just leaving for a three-week trip and will not be able to read the latter before I go; also I will wait <sup>with</sup> corrections of effective rates for the industries indicated until the preparation of the final version.

You will receive in a few weeks Chapter 4 which provides a comparative evaluation of the results of the country studies. For the purposes of this chapter I have divided the primary industries in the Philippines and Malaya into export, import-competing, and non-import-competing goods.

Using the data on exports and imports, for the Philippines I classified coconut, fiber crops, tobacco, forestry, and copper as export industries, livestock as import-competing and all the others as non-import competing. For Malaya, I have arbitrarily assumed that one-fifth of agriculture is an export industry with nominal and effective protection of -5 percent, and that two-fifths of agriculture are import-competing and the other two-fifths non-import-competing, both with a nominal tariff of 9 percent and an effective tariff of 5 percent (the average of these figures equals those shown for agriculture as a whole). Rubber planting, forestry, and mining have been assumed to be export industries, and fishery as non-import-competing. Among manufacturing industries in Malaysia, I have taken joineries, motor vehicle bodies, and refined coconut oil as non-import-competing industries.

Please let me know if you agree with this scheme of classification.

Sincerely yours,

Bela Balassa

December 4, 1969

Professor M. Michaely  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Michaely:

As the enclosed description indicates, over the next two years I will direct a comparative research project on development policies in semi-industrial countries, to be carried out under the auspices of the World Bank. So far, I have made arrangements to include in this project Argentina, Chile, Korea, Singapore, and Taiwan. I would also like to include Israel whose experience with industrialization should be of considerable interest to many developing countries.

I have been successful in obtaining the collaboration of several excellent economists for the other country studies. I will be coming to Jerusalem on December 20 for a stay of several days in order to find a contributor for Israel. I would very much like to meet with you and discuss this problem during my stay.

I have already written to Professor Bruno and to Mr. Genochowski of the Bank of Israel. I have also written to Professor Barkai.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University



December 4, 1969

Dr. Helimenes Soto Ibarra  
Director  
Universidad Central de Venezuela  
Facultad de Ciencias Economicas y Sociales  
Centro Comercial "Cediaz" Torree Este  
Mezzanina  
Avenida Casanova Sabana Grande  
Caracas  
Venezuela

Dear Dr. Ibarra,

As I indicated in conversation with Mr. Romero, I plan to arrive in Venezuela on January 10<sup>th</sup> or January 11<sup>th</sup> to hold my lectures on the 12, 13, 14, and 15. I will also be available to participants for discussion in the afternoon hours preceding my lectures.

I indicated to Mr. Romero the publications I would like participants to read in advance of my seminar. I enclose a curriculum vitae as you requested.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

P.S. We acknowledge receipt of your cable.

December 5, 1969

Professor Robert Stern  
University of Michigan  
Department of Economics  
Ann Arbor  
Michigan

Dear Bob:

This is in response to your recent letter concerning a possible opening in international economics at your university. I would like to warmly recommend for this position Michael Claudon who is writing his dissertation under my supervision. Claudon is working on the product cycle hypothesis and he is attempting to reformulate this in a much more sophisticated manner than has been done beforehand. He has made good progress and I expect that he will complete his thesis by the end of the summer.

Claudon's thesis should make a useful contribution to international trade theory and I expect him to continue to do worthwhile research. Claudon rates second or third among our prospective Ph.D.'s.

Should you wish to pursue this matter, please write to him directly for a copy of his dissertation prospectus. I am leaving today for Korea and will not be back in the U.S. before the Christmas meetings.

Sincerely yours,

Bela Balassa

December 5, 1969

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

Dear Gardner:

I wish to extend my sincere thanks to you for the detailed answer to my queries. I greatly appreciate it that you have taken the time to deal with them.

With best wishes for the coming holidays.

Sincerely yours,

Bela Balassa

December 5, 1969

Bankhaus Schelhamer und Schattera  
Wien I  
Goldschmiedgasse 3  
Austria

Dear Sirs:

I enclose a cheque for \$580 drawn on Creditanstalt  
Bankverein, Vienna, Austria. The amount of this cheque  
should be credited to account no. 4032.

With best regards,

Sincerely yours,

Bela Balassa

Home Address

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

December 5, 1969

Mr. William J. Murray  
Amos G. Hewitt Insurance Agency  
Trust Company Building  
New Haven  
Conn. 06510

Dear Mr. Murray:

In reference to our telephone conversation today I would ask you to raise the coverage of unscheduled personal property from \$8000 to \$15,000, and that of additional living expenses from \$800 to \$1500, effective today.

Sincerely yours,

Bela Balassa

December 4, 1969

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

Dear Augustine,

Many thanks for your letter of November 17. I am just leaving for a trip of three weeks and I hope that by the time ~~I~~<sup>of my</sup> return your contract will be ready.

Sincerely yours,

Bela Balassa

December 4, 1969

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

Dear Dr. Gottinger,

I would be interested in writing a paper for your volume "Economics of Planning" but I could not meet the April 1st deadline. Should you be able to extend this until the Fall I could write an article on the Hungarian reform.

Could you please send me a copy of the first volume of the yearbook so that I can inform myself of its contents.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Mr. Andrew W. Kamarck

December 4, 1969

Bela Balassa

Structure of Protection in Developing Countries

I suggest that we postpone the consideration of the memo to the Publication Committee until my return from Asia.

BBalassa:alj



December 4, 1969

Professor H. Barkai  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Barkai:

As the enclosed description indicates, over the next two years I will direct a comparative research project on development policies in semi-industrial countries, to be carried out under the auspices of the World Bank. So far, I have made arrangements to include in this project Argentina, Chile, Korea, Singapore, and Taiwan. I would also like to include Israel whose experience with industrialization should be of considerable interest to many developing countries.

I have been successful in obtaining the collaboration of several excellent economists for the other country studies. I will be coming to Israel on December 20 for a stay of several days in order to find a contributor for Israel. I would very much like to meet with you and discuss this problem during my stay.

I have already written to Professor Bruno and to Mr. Genochowski of the Bank of Israel. I have also written to Professor Michaely.

Sincerely yours,

Bela Balassa  
*consultant*  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Mr. Gerald Alter

December 4, 1969

Bela Balassa

Protection of Value Added vs. Product Protection

The first part of the enclosed paper, "Industrial Protection and Project Selection in Developing Countries", prepared for Mr. McNamara, deals with the economic rationale of using effective tariffs as an indicator of the extent of protection. The second part gives reasons for equalizing effective rates on the manufacturing industries of developing countries while the annex to the third part briefly indicates the implications of the conclusions for Bank procurement.

The latter point is amplified in my notes prepared for the Advisory Committee on Domestic Procurement. You might find No. 4 and No. 5 of some interest.

BBalassa:alj

December 1, 1969

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

Dear Sirs,

Please send me one copy of the following books and bill me in due course; I do have an account with you.

Bhagwati, J.            Trade, Tariffs and Growth. Essays in International Economics

Denton, G.R.(ed)    Economic Integration in Europe

Dobb, M.              Welfare Economics and the Economics of Socialism

Gladwyn, Lord        De Gaulle's Europe on Why the General Says No

Kaser, M.             Planning in East Europe

Kitzinger, U.         The Second Try. Labour and the E.E.C. (Paperback)

~~Musgrave, R.A.       Fiscal Systems (paperback)~~

Rybcynski, T.M.(ed) .The Value-Added Tax, The U.K. Position and the European Experience (paperback)

Samuelson, P.A.(ed) International Economic Relations. I.E.A. Conference proceedings

Zielinski, J.G.      On the Theory of Socialist Planning (paperback)

Allen, Peter          Famous Fairways (Stanley Paul).

Sincerely yours,

Bela Balassa  
Professor of Political Economy  
The Johns Hopkins University  
Baltimore, Md.

(please use this address)

Dr.T.H.LEE  
JOINT COMMISSION ON RURAL RECONSTRUCTION  
37 NANKAI ROAD  
TAIPEI CITY

December 1, 1969

LF

(Taiwan)  
TWENTYFIVE WORDS PREPAID REPLY LF  
NOTIFY IF DECEMBER 17 to 20 PERIOD IS CONVENIENT FOR  
MY COMING TO DISCUSS RESEARCH PROJECT

BALASSA

la Balassa

mics

November 29, 1969

Professor Marcelo Selowsky  
Casilla 10001  
Santiago de Chile

Dear Marcelo:

Thank you for your letter of November 21. Since I will be in Venezuela between January 12 and 15, I plan to arrive in Santiago on January 16. I would appreciate it if we could have discussions during the weekend because I would have to get back to Washington as early as possible. I will let you know in time the exact hour of my arrival.

With best regards,

Sincerely yours,

Bela Balassa

November 29, 1969

Professor Louis P.F. Smith  
University College  
Department of Political Economy  
Dublin 2  
Eire

Dear Professor Smith,

Many thanks for your letter of November 18 and your invitation to give a lecture at the University College. While I could not accept your invitation for the coming year, I could do so during the period January/June 1971 when I will be in Paris. I know that this date is far off but we could perhaps tentatively agree to schedule a lecture or two for the Spring of 1971. I presume that apart from the honorarium you could cover my travel expenses between Paris and Dublin.

Sincerely yours,

Bela Balassa  
Professor of Political Economy

November 28, 1969

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

Dear Don:

I would like to purchase 25 paperback copies of the revised edition of my "Changing Patterns in Foreign Trade and Payments" when it appears. I would appreciate it if these copies could be sent to me together with <sup>my</sup> the author's copies. For tax reasons, I would also like to receive a bill for them at author's discount, before December 31.

Sincerely yours,

Bela Balassa

Home Address

2139 Wyoming Avenue, N.W.  
Washington D.C. 20008  
U.S.A.

November 25, 1969

Braun Aktiengesellschaft  
6242 Kronberg  
Postfach 115  
West Germany

Dear Sirs,

Will you please send me by return airmail one  
sixtant S foil for my Braun electric shaver. This part  
does not seem to be available from the Ronson Corpora-  
tion here. My check for \$2.32 (equivalent to DM.8,50)  
is enclosed.

Sincerely yours,

Bela Balassa



November 25, 1969

Mrs. Ann S. Mendez  
80 Tudor Street  
Waltham  
Mass. 02154

Dear Mrs. Mendez:

I enclose the corrected proof of "Growth Strategies in Semi-Industrial Countries" together with the original manuscript. Please note that I wish to order 150 reprints of the article, with covers.

Sincerely yours,

Bela Balassa

GERARDO BEUNO  
NACIONAL FINANCIERA  
V. CARRANZA 25  
MEXICO CITY 1

November 25, 1969

IT

(Mexico)

FOOTNOTES TO YOUR STUDY NOT RECEIVED STOP PLEASE SEND IMMEDIATELY

BALASSA

Bela Balassa

Economics

BBalassa:alj

November 21, 1969

Pennsylvania Mutual Fund Inc.  
The Bank of New York, Agent  
P.O.Box 3694  
New York  
N.Y. 10008

Dear Sirs:

On November 13 I wrote to you ordering 500 shares in your Fund. I enclosed a check for \$4221.60, drawn on Laird, Bissell & Meeds Inc. as partial payment. I have not yet received any reply and would appreciate your early attention to this.

Sincerely yours,

Bela Balassa

November 21, 1969

Professor Jagdish N. Bhagwati  
M.I.T.  
Department of Economics  
E52-280B  
Cambridge  
Mass. 02139

Dear Jagdish:

On November 3rd I sent you "Effective Protection in Developing Countries" as a submission for the Kindleberger volume. Since I am leaving for the Far East on December 6th, I am eager to have your suggestions for possible changes in the paper.

Sincerely yours,

Bela Balassa

November 21, 1969

Nicholas Strong Fund Inc.  
c/o First Wisconsin Trust Co.  
P.O.Box 2054  
Milwaukee  
Wisconsin 53201

Dear Sirs:

In reference to your confirmation statement no. 2028 I enclose two checks totalling \$4674 as payment for 300 shares at a price of \$15.58 in your Fund.

One check in the amount of \$4388.75 is drawn on Laird, Bissell & Meeds Inc; the other in the amount of \$285.25 is a personal check.

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 17, 1969

The Ronson Corporation  
111 East 43 Street  
New York, N.Y.

Dear Sirs:

Please send me by return mail a foil  
sixtant S for my Braun electric shaver.

Sincerely yours,

Bela Balassa



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3 6360 • Cable Address - INTBAFRAD


November 17, 1969

Professor Robert Mundell  
Editor  
The Journal of Political Economy  
The University of Chicago  
Chicago  
Illinois 60637

Dear Bob:

In response to our earlier submissions, on July 25 in letters addressed to Guisinger and Schydrowsky and to me, Harry Johnson suggested that we combine our papers on Travis for publication in the J.P.E. It is never easy to join two pieces of writing into one but I trust we have succeeded reasonably well in the end. I enclose two copies of the joint paper; I have sent another copy to Harry Johnson in London.

Sincerely yours,

  
Bela Balassa

cc. Harry Johnson  
Stephen Guisinger  
Daniel Schydrowsky

November 17, 1969

Mr. Goran Ohlin  
Sveriges Industriförbund, Box 5501  
114 85 Stockholm  
Sweden

Dear Goran,

I appreciate it that you have taken the time from your vacation to answer my query. We sort of hoped that there would be long time series income distribution in Sweden; failing this, my student will concentrate on the United States.

I presume that you are back in Sweden by now and will soon start teaching at Uppsala. With all the best to you and Anita,

Sincerely yours,

Bela Balassa



November 17, 1969

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

Dear John:

Thank you for your letter of November 10.  
I will keep you in mind if something comes up.

Sincerely yours,

Bela Balassa

November 17, 1969

Prentice-Hall Inc.  
Route 9 W  
Englewood Cliffs  
New Jersey 97632

Dear Sirs:

Please send me one copy of Grossman,  
Economic Systems paper, and Staley, Inter-  
national Economics.

Sincerely yours,

Bela Balassa

7/1/69

November 13, 1969

Professor Jose-Ramon Lasuen  
Nueva Universidad Autonoma  
Facultad de Ciencias Economicas  
Madrid  
Spain

Dear Professor Lasuen,

Many thanks for your letter of October 28 and for the data on capital stock in Spain. We have in the meantime found this data in a recent book on La Riqueza de España.

I am presently working on the paper I mentioned to you earlier and will send you a copy in due course.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

Mr. Jack Lowther

November 13, 1969

Bela Balassa

Mr. Tan's Appointment

Enclosed is a suggested sample contract for studies to be undertaken in the framework of the Development Strategies in Semi-Industrial Countries project. It is patterned after the contracts that were written out for the Structure of Protection in Developing Countries project which is being completed now.

I enclose two copies so that you can forward one to Mr. Jeffries. I wonder if it would be possible for the three of us to get together any time on Friday or Monday.

BBalassa:alj

IBARRA  
UNIVERSIDAD CENTRAL  
CARACAS

November 13, 1969

LT

VENEZUELA

FECHA SUGERIDA EN CARTA NOVIEMBRE 3 ACEPTABLE STOP

ESCRIBIRE CON DETALLES STOP

BALASSA

Bela Balassa

Economics

BBalassa:alj

November 13, 1969

Mates Investment Fund Inc.  
15 William Street  
New York  
N.Y. 10005

Dear Sirs:

Thank you for your confirmation of my purchase of 792 shares in your investment fund. In order to round my holdings to 800, I wish to purchase an additional 8 shares. Please bill me for these.

Sincerely yours,

Bela Balassa

November 13, 1969

Gibraltar Growth Fund Inc.  
P.O.Box 7171  
2455 East Sunrise Blvd.  
Ft. Lauderdale  
Florida 33304

Dear Sirs:

Thank you for your confirmation of my purchase of 333.778 shares in your investment fund. In order to round my holding to 350, I wish to purchase an additional 16.222 shares. Please bill me for these.

Sincerely yours,

Bela Balassa



# Record Removal Notice

<b>File Title</b> Research on Economics and Development - Bela Balassa - Chronological Record - November 1969 through March 1970		<b>Barcode No.</b>  30280549		
<b>Document Date</b> Nov. 13, 1969	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: Bela Balassa To: Pennsylvania Mutual Fund				
<b>Subject / Title</b> Account				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> September 28, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> September 28, 2022			



November 13, 1969

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

Dear Thad:

Many thanks for sending me the data on Poland. They arrived just in time to be included in our paper.

I look forward to receiving your J.E.C. contribution when it appears in print.

Sincerely yours,

Bela Balassa

November 13, 1969

Professor Marcelo Selowsky  
Casilla 10001  
Santiago  
Chile

Dear Marcelo:

Many thanks for your letter of November 4. In the event that you do spend January and February at the London School of Economics, we could meet in Washington on your way back to Chile. I will be away during much of December and in the first half of January.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa

Joint Library

November 13, 1969

Bela Balassa

European Economic Review

I wish to recommend that the Library subscribes to the European Economic Review. A short description of the Review is enclosed.

BBalassa:alj

November 13, 1969

Professor Charles P. Kindleberger  
Massachusetts Institute of Technology  
Department of Economics  
Cambridge  
Mass.

Dear Charlie:

This is to confirm our telephone conversation concerning the invitation we have extended to you to address the economists at the Bank. The date of March 13 is fine with us; perhaps we could talk later about the topic of your lecture.

As to financial arrangements, the Bank pays your travel expenses and will make hotel arrangements if you so wish. We also offer a modest honorarium of \$150.00.

I look forward to seeing you at the meetings. I will call you beforehand to see if we could have breakfast together.

Sincerely yours,

Bela Balassa

cc. Mr. Stevenson

BBalassa:alj

November 13, 1969

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

Dear John:

Many thanks for your prompt answer and the data. While we have had some delays in the typing of the Malaya chapter, it will be sent to you within a few days. I will be sending you two copies with the request that you make changes on one and retain the other.

Sincerely yours,

Bela Balassa

November 13, 1969

Professor D. J. Daly  
York University  
Faculty of Administrative Studies  
14700 Keele Street  
Downsview  
Toronto  
Canada

Dear Professor Daly:

Thank you for your letter of November 7.  
I will be happy to participate in the conference  
on "International Comparisons of Prices and Real  
Incomes", and to serve as a discussant of a paper  
by Irving Kravis and Bob Lipsey.

Looking forward to seeing you, I remain,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department  
Professor  
Professor of Political Economy  
The Johns Hopkins University

File: 530689  
R7A: 14493997

November 13, 1969

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

Avis Rent A Car System Inc.  
1901 North Ft. Myer Drive  
Suite 600  
Arlington Va. 22209

Dear Sirs:

This is in reply to your letter of November 6.

On November 2 I reported to your downtown office that the car I had rented the previous day was stolen. Some time later I was told that the car was not stolen but had been hit by a hit-and-run driver and had been taken away by Avis personnel. I have not seen the car however after the purported accident and neither have I been given a police report.

At any rate it is my understanding that my liability is limited to the period when I am actually driving the car and does not extend to the loss of the car or to damages caused by a hit-and-run driver. I presume that your own insurance covers these eventualities. I wish to ask you, therefore, that the claim against me be cancelled.

May I add that I am a steady customer at Avis and this year so far I have rented cars from you (mainly from the 17th Street and T Street offices in Washington) 27 times. I would plan to continue my patronage at this rate in the future.

Sincerely yours,

Bela Balassa

November 13, 1969

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

Dear Dermot,

This is in answer to your letters of October 3, 13, and 23. It has taken me some time to get down to reading your chapter and I wanted to wait with my letter until then.

I enclose some detailed comments on the chapter. As you can see from these, my main criticisms pertain to the interpretation and the evaluation of the results. It would also be useful to re-run the regressions on the imports of producers durables. Otherwise, the chapter is fine and it should be of sufficient interest to Irish economists to warrant its publication by your Institute. Hopkins has no objections to early publication and I would be happy to write a letter to the Institute recommending it.

I recall having discussed with you the use of Danish weights in your calculations of effective protection. I suggest that you use both the Danish and the world trade weights just as I used Italian weights and world trade weights for Argentina. My world trade weights are complete and I wonder if you got the right set last time. Should this not have been the case, I enclose a copy. The weights refer to 1962 and should include all 4-digit items.

Sincerely yours,

Bela Balassa



November 13, 1969

Professor Jaroslav Vanek  
Program on Comparative Economic Development  
Center for International Studies  
252 and 260 Goldwin Smith Hall  
Cornell University  
Ithaca, N.Y. 14850

Dear Jaroslav:

Thank you for your letter of October 22. While I have not yet had the time to read your paper relating to Ruffin's article, glancing at it, it seems that you have followed him in using an incorrect definition of effective tariffs. You might wish to look at my note which discusses this problem since the validity of your conclusions might depend on the definition.

I wonder if I could have your evaluation of Mr. K.T. Lee who was your student at Cornell. I plan to have him as one of my collaborators in the Development Strategies in Semi-Industrial Countries project I will be directing in the next two years.

It seems now that I will be coming to the AEA meetings and I look forward to seeing you then.

Sincerely yours,

Bela Balassa

November 13, 1969

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

Dear Max,

Many thanks for your letter of October 27.

I agree with you that Ruffin's (and my own) treatment of effective protection in a general equilibrium framework is far from simple. I think, however, that it is useful to formulate the problem in algebraic terms since this permits the generalization of the results. Thus, rather than being a substitute, the Ruffin model, with the modifications I suggested, is a complement to your geometrical exposition that appeared in the O.E.P. I will add the reference to the latter if and when my note is published.

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

le 12 novembre, 1969

Selection Hebdomadaire "Le Monde"  
5 rue des Italiens  
Paris 9<sup>e</sup>  
France

Monsieur,

Veillez bien noter le changement de notre  
adresse a partir du 1 decembre 1969. Des cette  
date, le Selection Hebdomadaire "Le Monde" devrait  
etre envoye a M. Bela Balassa, 2139 Wyoming Avenue, N.W.,  
Washington D.C. 20008.

Cordialement,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington DeC. 20007

November 12, 1969

Business Week  
McGraw Hill Building  
330 West 42nd Street  
New York, N.Y. 10036

Dear Sirs:

Please note the change in my address from  
December 1, 1969. From that date "Business Week"  
should be sent to me at

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

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 12, 1969

Washingtonian  
1218 Connecticut Avenue  
Washington D.C. 20036

Dear Sirs:

Please note the change in my address from  
December 1, 1969. From that date the "Washingtonian"  
should be sent to me at

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

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 12, 1969

Newsweek  
350 Dennison Avenue  
Dayton, Ohio 45401

Dear Sirs:

Please note the change in my address from  
December 1, 1969. From that date "Newsweek"  
should be sent to me at

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

Sincerely yours,

Bela Balassa

November 12, 1969

Professor M. Kreinin  
Department of Economics  
Michigan State University  
East Lansing  
Michigan

Dear Max;

I enclose a copy of my paper on the first half of the Development Decade as well as the tables I have on unit value indices in the Common Market. I am sorry for the delay.

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 10, 1969

W. T. Cowan Inc.  
820 S. Oldham Street  
Baltimore  
Maryland 21224

Dear Sirs:

About two weeks ago a shipment of furniture addressed to me arrived in Baltimore in care of Samuel Shapiro & Co. Mrs. Kaplan of that company called you to ask for an estimate for transportation from Baltimore to my Washington address. At the time you quoted a figure of \$2.96 per cwt. for a shipment of 1232 lbs. We got comparable estimates from other shippers and we accepted yours.

Since the weight of the shipment is 1232 lbs., the amount due to you should have been \$36.47. However, at the time the furniture was delivered I was charged double the above rate, a freight charge of \$72.93. Since the delivery company (Arlington Trucking) was not willing to release the shipment without payment, I paid the larger amount, though under protest. The next day I called your Washington office but they couldn't help me in this matter. In the meantime, however, I received your original estimate dated November 4, the face copy of which bears your signature. I enclose a copy of this estimate as well as one of the bill I paid with the request that you send me a refund for the difference in the amount of \$36.46. Your check should be sent to my present address, 2500 Que Street N.W., Washington D.C. 20007.

Sincerely yours,

Bela Balassa

cc. Samuel Shapiro & Co.



OFFICE MEMORANDUM *pink*

TO: Mr. Andrew M. Kamarck

DATE: November 8, 1969

FROM: Bela Balassa

SUBJECT: Report on Activities - October 1969Continuing ProjectsStructure of Protection in Developing Countries

- Completed revision of Malayan study
- Started revision of Pakistan study
- Prepared paper on "Effective Protection in Developing Countries" incorporating some of the results of the project

Development Strategies in Semi-Industrial Countries

- Prepared project description for circulation and comment
- Correspondence with prospective contributors

Other Studies

- Prepared a comment on "Tariffs, Intermediate Goods and Domestic Protection" by Roy Ruffin for the American Economic Review

Other Activities

- Commented on "The Impact of Economic Integration Among Developing Areas on World Trade: The Case of Central America" at the request of The Journal of Developing Areas
- Review of "The Economics of Foreign Aid" by R. F. Mikesell at the request of The Journal of Finance
- Review of "Economic Planning and Policies in Britain, France and Germany" by Malcolm MacLennan at the request of The Annals
- Participated in the meetings of the Advisory Committee
- Participated in discussions on Project 1 of the Basic Research Center
- Participated in the Economic Seminar Committee Meeting
- Revised comment on Travis (February 1969) for The Journal of Political Economy
- Prepared a note on the attitude of GATT towards export subsidies by developing countries

Notes on Bank Studies and Papers

- Commented on "Industrialization of Iran" by Dragoslav Avramovic at the request of Peter Cargill
- Commented on report on Indonesian manufacturing by Helen Hughes

cc. Messrs. Stevenson  
Kalmanoff

BBalassa:alj

November 10, 1969

Dr. Daniel Schydlofsky  
Harvard University  
Center for International Affairs  
Development Advisory Service  
1737 Cambridge Street  
Cambridge  
Mass. 02138'

Dear Danit:

I enclose pp. 5 and 5a. These are the only ones where I suggest extensive changes. Please call me Thursday morning so that I can have the paper typed in final form.

Sincerely yours,

Bela Balassa

November 8, 1969

Professor Mark Perlman  
Managing Editor  
Journal of Economic Literature  
P.O.Box 7320  
Oakland Station  
Pittsburgh  
Penn.15213

Dear Professor Perlman:

I am extremely sorry but it seems now that I will not be able to complete the review of A. Maizels, Exports and Economic Growth of Developing Countries by due date. I wonder if you could agree to a postponement until mid-February.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

November 8, 1969

Mr. Gerardo M. Bueno  
Assistant Manager  
Nacional Financiera S.A.  
Apartado Postal No.353  
V. Caranza No. 25  
Mexico 1, D.F.

Dear Gerardo:

I enclose a copy of a paper which utilizes some of the results of our Structure of Protection project. I would appreciate having your comments on it.

For the purposes of this paper I have made estimates of the extent of overvaluation of the currency in Mexico. This estimate will be included in the edited version of your chapter I am now preparing. I will complete editing by early December and will send the chapter to you then. I hope to be able to come to Mexico early in January to discuss your chapter and to agree on its final version.

Sincerely yours,

Bela Balassa

P.S.

In a recent letter you indicated the possibility of changes in the figures. I would appreciate it if you would let me know by return mail if any corrections are to be made.

November 7, 1969

Professor Preben Munthe  
Oslo University  
Department of Economics  
P.O. Box 1095  
Blindern  
Oslo 3  
Norway

Dear Professor Munthe,

Many thanks for your letter of October 6 and the comments on the Norwegian chapter. I will make the appropriate changes in the final version.

I am sorry to have cut so much from your section but this has been necessary in order to avoid disproportions among the country studies. I will try, however, to include in the final version at least some of the points you raise in your letter.

As regards your marginal notes, my only comment pertains to automobiles. If I am correct that there is no duty on automobiles from partner countries in EFTA, the latter receive a preference as compared to other suppliers.

In your letter you indicate that the translation fee has not been paid yet. We cannot make payment, however, until I receive a statement from Mr. Carl Faye-Schjoll on the amount of work done and the amount due to him. Would you please countersign his statement and send it to me at the earliest.

Yours sincerely,

Bela Balassa  
Consultant  
Economics Department

Mr. Douglas J. Fontein

November 7, 1969

Bela Balassa

Trent John Bertrand

I would like to bring to your attention a young colleague of mine, Trent Bertrand, who has recently joined the Department of Political Economy of Johns Hopkins University as an Assistant Professor. As the enclosed list of publications indicates, Bertrand has done a considerable amount of work on Thailand on the occasion of several visits to that country. He maintains an interest in Thailand and has asked me if he could participate in any work at the Bank concerning it.

I do not know to what extent your Department relies on consultants in undertaking country missions. Should you, however, need an economist for a mission to Thailand, I would highly recommend Bertrand. He would be available in the May/August, December/January periods.

Let me add that, apart from being a good economist, Bertrand has a pleasant personality and gets along easily with people.

BBalassa:alj

November 7, 1969

Miss Teresa Jeanneret  
M 34 Sage Hall  
Cornell University  
Ithaca  
New York, 14850

Dear Teresa:

I enclose a copy of a paper which utilizes some of the results of our Structure of Protection project. I would appreciate having your comments on it.

For the purposes of this paper I have made estimates of the extent of overvaluation of the currency in Chile. This estimate will be included in the edited version of your chapter I am now preparing. I will complete editing by early December and will send the chapter to you then. I hope that you could come to Washington for a day or two during the Christmas vacation so that we can agree on the final version of the chapter.

I hope everything is going well at Cornell. I just saw a paper by Vanek in which he acknowledges your helpful suggestions. While I have not yet had a chance to read the paper, it seems to me that Vanek follows Ruffin in using an incorrect definition of effective rates of protection. With the correct definition, things fall into place and effective protection theory can be shown to be valid in a general equilibrium framework. I enclose a note I wrote on this in connection with Ruffin's paper.

Sincerely yours,

Bela Balassa



Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 8, 1969

The Economist  
415 Madison Avenue  
New York, N.Y. 10017

Dear Sirs:

I sent a check for the renewal of my subscription to The Economist directly to London as per bill. It seems that you have not yet been notified about the receipt of this check. This may explain why last week's issue did not arrive. Please send this to me by return mail.

May I ask you to note that starting December 1 my address will be:

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

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 8, 1969

Doll Fund  
Thackery Lane  
Mendham, N.J. 07945

Dear Sirs:

Please send to my home address by return airmail your prospectus and latest quarterly reports. I would also like to know if I can place my order with you directly.

Sincerely yours,

Bela Balassa

Home Address  
2500 Que Street N.W.  
Washington D.C. 20007

November 8, 1969

Strong (N.) Fund  
312 E. Wisconsin Avenue  
Milwaukee  
Wisconsin 53202

Dear Sirs:

Please send to my home address by return airmail your prospectus and latest quarterly reports. I would also like to know if I can place my order with you directly.

Sincerely yours,

Bela Balassa

November 7, 1969

Professor Michael Bruno  
Chairman  
Department of Economics  
Hebrew University  
Jerusalem  
Israel

Dear Professor Bruno:

As the enclosed description indicates, over the next two years I will direct a comparative research project on development policies in semi-industrial countries, to be carried out under the auspices of the World Bank. So far, I have made arrangements to include in this project Argentina, Chile, Korea, Singapore, and Taiwan. I would also like to include Israel whose experience with industrialization should be of considerable interest to many developing countries.

I am writing to you to ask for your suggestions as to possible contributors who could undertake the study on Israel. As you can see from the enclosed list, I have been successful in obtaining the collaboration of several excellent young economists and I should like to find somebody of comparable standing in Israel. Perhaps you have some young assistant professors on your staff who have an interest in the problem. We would pay an honorarium as well as the research expenses, the amount of which is subject to negotiation.

It is my plan to come to Israel on December 21 for a stay of several days. I would like to have the opportunity to see you then and to talk to possible candidates for this project. In the meantime, I would greatly appreciate it if you would give me your reactions to the project, and let me know of possible contributors. I am leaving Washington at the beginning of December and therefore would ask you for an early answer.

With best regards,

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

P.S.

I enclose 3 copies of the project description so you could give them to others.

Mr. Bela Balassa

November 7, 1969

Alexander Stevenson

Terms of Reference

You are requested to travel to Seoul on December 5 to advise the Korean government on long-term trade policy. Following a ten-day stay in Korea you are to proceed to Taiwan and Israel for discussions on the "Development Strategies in Semi-Industrial Countries" research project.

cc. Messrs. Fontein/McDiarmid  
Mrs. Armstrong

BBalassa:alj

November 6, 1969

The Honorable  
Kim, Hak-Yul  
Deputy Prime Minister and  
Minister of Economic Planning Board  
Republic of Korea  
Seoul, Korea

Dear Mr. Deputy Prime Minister:

In reference to my letter of August 29, I am glad to inform you that Professor Balassa will be available to advise the Economic Planning Board in Korea on trade policy. He plans to arrive in Seoul on Monday, December 8 for a stay of ten days. I trust that this time period is convenient to you.

Sincerely yours,

Andrew M. Kamarck  
Director  
Economics Department

BBalassa:alj

cc. Mr. Goodman

Noviembre 7 de 1969

Senor Doctor  
Helimenas Soto Ibarra  
Director  
Centro de Estudios de Post-Grado  
Facultad de Ciencias Economicas y Sociales  
Universidad Central de Venezuela  
Centro Comercial "Cedias" Torre Este  
Mezzanina  
Avenida Casanova Sabana Grande  
Caracas  
Venezuela

Estimado Dr. Soto:

Espero que haya recibido mi carta de fecha 20 de Octubre proximo pasado. Le estaria muy agradecido si le fuera posible contestarme dicha carta lo antes posible ya que estoy en el proceso de formular mis planes para el mes de enero del proximo ano. Incluyo una copia de mi carta a usted en caso de que por algun motivo no la haya recibido.

Le agradezco por anticipado toda su cooperacion en este problema.

Queda de usted, muy atentamente,

Bela Balassa  
Asesor  
Departamento de Economia  
Profesor de Economia Politica  
The Johns Hopkins University

November 6, 1969

Professor Larry Westphal  
c/o Mr. Thomas Olmsted  
USAID Economic Branch  
APO San Francisco  
Calif. 96301

Dear Larry:

My plans for my next visit to Korea are now set. I will arrive on Monday morning, December 8, at 10.55 a.m. from Tokyo for a stay of ten days. I will be well rested at the time of arrival so that we can get to work immediately.

My assistant is preparing some comparative data on Korea's changing export shares in world markets on the basis of the U.N. Commodity Trade Statistics. This publication does not yet include, however, export data for Korea for the year 1968. May I ask you to have these sent to me as soon as possible, in dollar terms and in volume if available. The enclosure contains the list of the commodities and their SITC numbers.

Sincerely yours,

Bela Balassa



Fresh fish	031.1
Dried fish	031.2
Crustacea	031.3
Unmanufactured tobacco	121
Plywood	631.2
Textile yard & thread	651
Textile clothing accessories (nonknit)	841.2
Knitted clothing and accessories	841.4
Footwear	851
Fabrics of regenerated (artificial) fibres	653.6
Cordage and manufactures	655.6

November 6, 1969

Professor Donald R. Sherk  
Simmons College  
Department of Economics  
300 The Fenway  
Boston, Mass. 02115

Dear Professor Sherk:

I was interested to see your results on the explanation of trade patterns with the inclusion of a density variable. I would like to suggest, however, that you re-run the regressions to include in addition a population value. In this way, density can represent the availability of natural resources while population would be used as a proxy for market size. Incidentally, my objections pertain to the use of the population variable in Keesing's regression and are not applicable if a density variable is used instead. However, if you were to include both of them as explanatory variables, Keesing's functional forms would not be appropriate.

*variable*

I would urge you to re-run the regressions as I suggested and to submit the results to the American Economic Review.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Professor of Political Economy  
The Johns Hopkins University

November 6, 1969

Dr. Odd Aukrust  
Director of Research  
Statistisk Sentralbyra  
Dronningens Gate 16  
Oslo  
Norway

Dear Dr. Aukrust,

I greatly appreciate your kindness in sending me the data on capital stock and employment in Norwegian manufacturing. I will send you in turn the paper I am preparing on the sources of growth in selected countries of Eastern and Western Europe in early December.

I wish also to thank you for the 1967 input-output tables for Norway. I hope to be able to start working on the application of a model by Chenery and Wattanebe to Norway.

Finally, I wish to acknowledge the receipt of reprints of my "Industrial Development in an Open Economy: The Case of Norway". Let me add here that I have not yet seen the issue of the Oxford Economic Papers in which the paper is scheduled to appear.

Sincerely yours,

Bela Balassa  
Consultant  
Economics Department

Home Address  
2500 Q Street N.W.  
Washington D.C. 20007

November 5, 1969

Clerk of the Court  
D.C. Court of General Sessions  
5th and E Streets N.W.  
Washington D.C.

Dear Sir,

Last Sunday I received the enclosed traffic summons. I will be away from Washington during the next few days and will not be able to appear in person at a police station or the Traffic Division of the Metropolitan Police Department.

I wonder if, given the circumstances, I could discharge my obligation with the payment of a fine. The policeman who gave the summons to me indicated that I would have to pay a fine of \$10.00. My check for this amount is enclosed.

Please let me know if this is not satisfactory.

Sincerely yours,

Bela Balassa

November 3, 1969

Professor Jagdish N. Bhagwati  
Massachusetts Institute of Technology  
Department of Economics  
E52-280B  
Cambridge  
Mass. 02139

Dear Jagdish:

Enclosed is my contribution to the  
Kindleberger volume.

Sincerely yours,

Bela Balassa

Sent also to: Ronald W. Jones  
Robert A. Mundell  
Jaroslav Vanek