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THE WORLD BANK

Washington, D.C.

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B. Balassa

CHRONOLOGICAL FILE
August 1, 1967 - *NOVEMBER 30, 1967*


Archives



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Research on Economics and Development - Bela Balassa - Chronological Record -
August through November 1967

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Mr. Daniel Fernandez

November 30, 1967

Bela Balassa and Daniel M. Schydrowsky

Study on Protection in Argentina

1. Objective of the Study

The study is carried out in the framework of a research project, jointly sponsored by the World Bank and the Inter-American Development Bank, which aims at evaluating the structure of protection and its effects on resource allocation in selected semi-industrial countries. Included are Argentina, Brazil, Chile, Mexico, Pakistan, Philippines, and Malaya. Work on these studies has progressed but due to various difficulties we have encountered, the Argentine study is presently in abeyance.

Yet, aside from the importance of providing comparable information on the structure of protection in various semi-industrial countries in its present stage of development, the results of the study would have considerable usefulness for Argentina. With the exhaustion of the possibilities for import substitution, Argentine policy-makers increasingly turn towards promoting exports. In calculating the effective rate of protection for over 200 sectors, the results of the study could be used to pinpoint possible lines of expansion as well as industries which are presently producing inefficiently.

2. Present Status of Argentine study

The Argentine study necessitated the gathering of data on input-output coefficients, tariffs and prices. The work of data collection has now ended and much of the data are on cards. It was carried out in CONADE by Fernandez Balmeceida's Input-Output Group: working party headed by Reynaldo Bajraj; Furlotte's Foreign Trade Group: working party headed by Miguel Cuervo; and Herschel's National Economic Budget Group: survey team. Computer programming was started by Ing. Tarnaruder from CONADE and Ing. Sbarra from SEGBA whose computer is to be used. At SEGBA, conversations were carried out with Ing. Sudak.

In the meantime, however, the work group of CONADE was reduced to Bajraj with assistance from Wainer of the former Furlotte section. At the same time, responsibility for computer programming was not clearly divided between Sbarra and Tarnaruder and hence programming has stopped. Finally, SEGBA's enthusiasm for lending a computer has been apparently greatly reduced. Yet data are on IBM cards and thus use of SEGBA's IBM 1620 (or similar computer) is crucial. Further urgency arises out of SEGBA's plans to replace computer by non-IBM machine.

3. Recommendations

In order to present the results for the Bank's Conference on Protection in Developing Countries in mid-March, computations must be completed in mid-January. This requires an immediate beginning to the data processing. It is suggested specifically that:

- (a) CCHADE assign high priority to the project of Protection Aduanera Efectiva (PAE)
- (b) Bajraj be maintained as Chief of working group with additional people assigned according to his needs. The group will prepare material for the computer and carry out the initial evaluation of the results.
- (c) SEGBA assign high priority to the computer work on the study.
- (d) Responsibility for programming be clearly assigned between Tamaruder and Sharra and if necessary outside programming assistance be obtained to break this bottleneck.

BBalassa:pan

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: November 30, 1967

FROM: Bela Balassa

SUBJECT: Report on Activities - November, 1967Continuing Projects

Structure of Protection in Developing Countries:

- Comments on Chilean study
- Comments on Philippine study
- Preliminary version of paper on "Industrial Development in an Open Economy: The Case of Norway"

Other Studies

- Revised "Tariff Protection in Industrial Nations and Its Effects on the Exports of Processed Goods from Developing Countries" for publication in The Canadian Journal of Economics and Political Science.
- Continued work on the effects of the Kennedy Round on the exports of developing countries with the assistance of Godfrey Gordon

Comments on Bank Studies and Papers

- Nurul Islam, "Comparative Costs, Factor Proportions and Industrial Efficiency in Pakistan" and "Regional Co-operation for Development: Pakistan, Iran and Turkey".
- Ayhan Cilingiroglu, "Heavy Electrical Equipment"
- A. C. Nowicki's "Academic and Private Research on Economic Problems of Developing Countries in France"

BBalassa:pam

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Mr. Andrew M. Kamarck

November 27, 1967

Bela Balassa

WBG ARCHIVES

Comments on papers by Nurul Islam

1. I have now read the papers by Nurul Islam on "Comparative Costs, Factor Proportions and Industrial Efficiency in Pakistan" and "Regional Co-operation for Development: Pakistan, Iran and Turkey". Of the two, the first is the more ambitious one, attempting to indicate the determinants of comparative advantage in Pakistan. In turn, the second paper gives a general discussion of problems of economic integration in the area utilizing arguments raised in ECAFA discussions (Islam was a member of a working party on regional integration in Southeast Asia).
2. The analysis of the first paper is fine but it is somewhat outdated in its approach. Islam asserts that the extent of comparative advantage or disadvantage can be indicated by a comparison of domestic and world market prices. However, as he now readily agrees, differences in input prices should also be taken into account and the effective rate of protection calculated. This has indeed been done by Stephen Lewis for Pakistan. Incidentally, Lewis' investigation also includes cotton and jute textiles which constitute an important omission of Islam's analysis.
3. Just as Lewis does, Islam adjusts for an assumed 50 percent overvaluation of the Pakistani rupee. No justification is given, however, for the choice of this percentage. Neither does Islam consider that such an adjustment in the exchange rate would require adjustments in tariffs and subsidies also; otherwise, the devaluation would give rise to a large balance-of-payments surplus. A further question is to what extent these adjustments would affect the extent of protection in individual industries through changes in the prices of their outputs and inputs. The method used by Islam should bring no modification in the ranking of industries; it is not clear, therefore, how he obtained a correlation coefficient of 0.96 rather than 1.0 between unadjusted and adjusted cost ratios.
4. The regression analysis of the results is interesting. It would have been useful, however, to introduce directly capital-output ratios in the analysis. Also, in addition to T (wages and salaries per employee) and S (non-wage value added per employee), the author could have used $T + S$ as a determinant of comparative advantage. This variable is a proxy for investment per man in human and nonhuman capital and it has been used by Hal Lary to measure the capital intensiveness of manufactured goods.
5. As noted above, the integration paper uses the ECAFE approach. I am somewhat disturbed by the implication that the establishment of regional industries should be done by completely excluding foreign competition. Such a guarantee is bound to lead to the creation of sheltered, inefficient industries without regard to cost. Incidentally, Islam's advocacy of the Central American system of integration industries has been overtaken by the events since only one or two such industries have been established and there are no expectations for more. This is for the better since the granting of exclusive rights to a producer would have given rise to monopolies.

6. These critical comments are not intended to belittle Nural Islam's writings. He is a sound worker with a good background in economic theory. In an atmosphere where he is exposed to criticism, one could expect him to do research of good quality.

BBalassa:pam

cc: Mr. Stevenson

Mr. Andrew M. Kamarck

November 27, 1967

John Adler and Bela Balassa

Economic Seminar

Professor Chenery has accepted our invitation to address the Economic Seminar on December 7th, 1967. A copy of the enclosed memorandum was sent to Mr. Bhatia for further action.

Since Mr. Chenery is unable to come to lunch that day, we have relayed your invitation to him to meet a small group of people for cocktails after the seminar. He plans to bring along two of his associates.

Mr. Chenery is not a permanent employee of the U.S. Government and therefore he can accept an honorarium for the seminar.

BBalassa:pam
encl.

Mr. Andrew M. Kamarek

November 27, 1967

Bela Balassa

Economic Seminar

Professor Chenery has accepted our invitation to address the Economic Seminar on December 7th, 1967. I sent a copy of the enclosed memorandum to Mr. Bhatia for further action.

Since Mr. Chenery is unable to come to lunch that day, I have relayed your invitation to him to meet a small group of people for cocktails after the seminar. He plans to bring along two of his associates.

BBalassa:pam
encl.

November 27, 1967

Mr. Samir K. Bhatia

Bela Balassa

Economic Seminar

Enclosed is a draft memorandum on the economic seminar to be held next week. Please make the appropriate arrangements including the reservation of the Bank Board Room for the seminar. We will need a blackboard.

BBalassa:pam
encl.

ITEM FOR INCLUSION IN ADMINISTRATIVE WEEKLY BULLETIN

Economic Seminar

Mr. Andrew M. Kamarck, Director, Economics Department, will chair an economic seminar at 4:00 p.m. on Thursday, December 7 in the Bank Board Room at which Professor Hollis B. Chenery will talk on the "Strategy of Foreign Aid".

Mr. Chenery, a former Assistant Administrator of the U.S. Agency for International Development and a Professor at Stanford University, is at present Professor of Economics at Harvard University. On leave from Harvard, he is again at AID for several months this year in his previous post.

Mr. Chenery is one of the outstanding American experts on problems of economic development. He has played an important role in streamlining the aid-giving functions of AID and developed several new concepts that have assumed importance in the economic literature and in policy discussions. He is the author of Interindustry Economics (with P. G. Clark), 1959, and he has published numerous articles and papers for professional journals.

Mr. Hubert F. Havlik

November 27, 1967

Bela Balassa

Protection of Telecommunication Equipment

Following your earlier request, I asked my collaborators in Brazil and Mexico to send the information on the protection of telecommunication equipment in these two countries. Thus far I have only received an answer from my Brazilian contributor which I am enclosing herewith.

encl.
BBalassa:pam

November 27, 1967

Professor Alain Cotta
Purdue University
Herman C. Krannert Graduate School of
Industrial Administration
Lafayette, Indiana 47907

Dear Professor Cotta:

Thank you for your recent letter. I would suggest that you arrive at the Johns Hopkins University between 11:00 and 12:00 on the morning of the 6th of December. Since I have a class until 12:00, I would like to ask you to see Professor Jurg Niehans, who is the chairman of the seminar. Our offices are on the 4th floor of Gilman Hall on the main campus located on Charles Street. As you enter Baltimore, you should ask for directions at a gasoline station. Be careful not to go to the medical school which is in another part of the town.

We expect to have you for lunch at 12:00 o'clock next Wednesday; the seminar will take place at 2:00. You will have 45 minutes for your presentation which will be followed by a question period until 4:00 o'clock. Afterwards we will have cocktails and dinner. Please let me know if you plan to come to Washington with me on the same night, and whether I should make reservations for you.

I am afraid that it will not be possible to arrange for you to give a seminar at the Bank. We have invited Hollis Chenery on the 7th of December, (incidentally, you might want to come to the seminar and to the cocktail party following it) and it is our custom to have only one seminar meeting a month. We can, however, arrange appointments for you with whoever you might wish to see.

As regards to the Hopkins seminar, we will have your paper xeroxed in several copies to give to members of the faculty and to some students. I suppose that you will use some of the material contained in it in your discussion together with other ideas you have not put on paper.

Let me add, finally, that we pay an honorarium of \$100.

With kind regards,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 27, 1967

Mr. Maurice Scott
Organisation for Economic
Co-operation and Development
91, boulevard Exelmans
Paris 16, France

Dear Maurice:

Thank you for your letter of November 7th and for your invitation to participate at your conference held in Bellagio from March 2 through 8.

Please send me all material relating to the conference to this address since I continue as a consultant with the Bank.

Our own meeting will be scheduled for March 14th and 15th. We will send an official invitation to you, Ian Little and Tibor Scitovsky.

With best regards,

Sincerely yours,

Bela Balassa
Consultant
Economics Department

P.S.

I just received a letter from Tibor on the subject of your conference.

OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: November 21, 1967

FROM: Bela Balassa

SUBJECT: Industrial Development in an Open Economy:
The Case of Norway

Enclosed is a preliminary version of a paper I have written on "Industrial Development in an Open Economy: The Case of Norway". I believe that the analysis of the Norwegian experience might be of interest to people concerned with inefficient production behind high trade barriers in the developing countries.

BBalassa:pam

cc: Messrs. Stevenson, Adler, de Vries, Orcott, Sacchetti,
Kalmanoff, Collier

Mr. J. James Dyck

November 21, 1967

Bela Balassa

Contracts under the Structure of Protection
in Developing Countries Project

This is to confirm my verbal request that the date for the submission of the preliminary version of the country studies should be set for February 1, 1968 instead of January 15, 1968.

BBalassa:pam

cc: Mr. Stevenson

November 21, 1967

Dr. Daniel M. Schydlowsky
Harvard Development Advisory Service
Harvard University
326 Littauer Center
Cambridge, Massachusetts

Dear Dani:

This is to confirm our telephone conversation concerning your visit to Washington on Tuesday, November 28th. We expect to schedule appointments starting at 10:00 o'clock and I would appreciate it if you could come to my office a few minutes earlier. Please let me know if this time is not convenient for you.

I have requested the Travel Office to send you a Boston/Washington round trip ticket.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

BBalassa:pan

cc: Travel Department

November 21, 1967

Professor P. Munthe
Department of Economics
Oslo University
Frederiksgate 3
Oslo, Norway

Dear Professor Munthe:

I am enclosing a preliminary version of a paper containing an evaluation of Norwegian production and trade data for the post war period. Since my knowledge of the Norwegian economy is limited, I would appreciate it if you made suggestions on various points and answered the questions appended to this letter.

Also, I wonder if you agree with me that in this paper it is necessary to introduce the concept of effective protection.

Looking forward to hearing from you, I remain

Yours sincerely,

Bela Balassa
Consultant
Economics Department

P.S.

I am enclosing the summary computer sheets, the results of which were used in the paper. The computer sheets containing the commodity by commodity data are being sent to you by sea mail.

Questions to Professor Munthe

1. Do you have information on the development of Norwegian industry prior to World War II?
2. Were the limitations of fishery and forestry resources realized as early as in 1949?
3. Was there a public discussion on the policy alternatives facing the Norwegian economy in the early postwar period? Was there opposition to reductions or barriers to trade?
4. Are the statements concerning government intervention in the economy correct?
5. Do you know anything about the height of Norwegian tariffs in the interwar period and in 1949? Are there any data on the extent of tariff dismantling in the postwar period?
6. Could you please provide information on agricultural protection in Norway and recent changes in the extent of this protection. Comparisons of domestic and foreign prices would be of special interest here.
7. Could something be added on Norwegian attitudes towards economic integration?
8. What are the new exports of feedstuffs shown in the figures on agriculture?
9. What processed foods does Norway export?
10. What clothing articles does Norway export?
11. Could you give examples of rubber products exported?
12. Could you provide some information in Norwegian exports of metal products and machinery?
13. What is the importance of producing parts and components for assembly abroad? Could you give some examples?

November 21, 1967

Mr. Erik Homb
Statistisk Sentralbyra
Central Bureau of Statistics of Norway
Oslo, Sweden

Dear Mr. Homb:

I am enclosing a preliminary version of a paper containing an evaluation of Norwegian production and trade data for the postwar period. The paper will be revised after I receive suggestions from Professor Munthe. Needless to say, I would appreciate it if you would let me have the benefit of your comments.

I am enclosing the summary computer sheets, the results of which were used in the paper. The computer sheets containing the commodity by commodity data are being sent to you by sea mail.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

BBalassa:pam
encl.

November 21, 1967

Mr. Ian M. Drummond
Managing Editor
The Canadian Journal of Economics
100 St. George Street
Toronto 5, Ontario
Canada

Dear Professor Drummond:

In the meantime we have found the file containing your comments on my paper, "Tariff Protection in Industrial Nations and Its Effects on the Exports of Processed Goods from Developing Countries" and this has enabled me to prepare the revised version.

As you will see, I have made the changes requested in your letter, except that the commodities for which transportation costs are important have not been listed on page 5. This has not been necessary since in the discussion on individual commodities, reference is made to such cases.

I have also deleted Appendix Tables 1 and 2 as you requested. I am afraid, however, that I will have to ask you to have a French translation of the abstract prepared.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

encl.

Home address:
2500 Que Street, N.W.
Washington, D.C. 20007

Professor Jozsef Bognar
Center for Afro-Asian Research of the
Hungarian Academy of Sciences
IX., Dinitrov Ter 8,
Budapest, Hungary

Dear Professor Bognar:

Thank you for your kind letter of October 27th. I accept with great pleasure your invitation to meet with Hungarian economists in Budapest. Apart from the Center for Afro-Asian Research, I would be happy to have the opportunity to see people at the Economic Research Institute, the institutes associated with the Planning Bureau and the Chamber of Commerce, as well as the economics teaching staff of the University of Budapest. My interests include planning, with emphasis on the new economic mechanism, foreign trade, and development.

As to the timing of my visit, I wonder if the first half of June would be convenient to you. Unfortunately other obligations make it difficult for me to come at an earlier date. I am now Professor of Political Economy at The Johns Hopkins University and also Adviser to the International Bank for Reconstruction and Development, both of which occupy my time during the academic year.

Thanking you again for your invitation and hoping that you feel the suggested timing of my visit appropriate, I remain

Sincerely yours,

Bela Balassa

November 16, 1967

Professor Douglas Y. Thorson
Department of Economics
Bradley University
Peoria, Illinois

Dear Professor Thorsen:

Thank you for your invitation to visit your university. I will be happy to accept if an appropriate time can be agreed upon. I suggest the week of March 17th, which is the time of our Spring vacation. According to the present timetable, I could arrive in Peoria before 11 o'clock in the morning.

With best regards,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 16, 1967

Mr. Floyd Hall
President
Eastern Air Lines
10 Rockefeller Plaza
New York City, N. Y. 10020

Dear Mr. Hall:

I appreciate the speedy action which you took in connection with the difficulties experienced in my recent flight from Oaxaco. It is gratifying to know that steps have also been taken to prevent a recurrence of errors of this kind.

Thank you again for your courtesy and prompt reply to my letter.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

November 16, 1967

Mr. Ik-Whan, Kwon
Department of Economics and Statistics
The University of Georgia
College of Business Administration
Athens, Georgia 30601

Dear Ik-Whan:

Thank you for your letter of November 7th. I would be glad to see you in Washington but I am not sure whether I will be here for the entire duration of the meetings. You might want to call my office after you arrive in Washington.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 16, 1967

Professor William R. Allen
University of California, Los Angeles
Department of Economics
Los Angeles, California 90024

Dear Professor Allen:

This is to recommend Larry J. Promisel for a position in your Department. Mr. Promisel was a student in my international economics class at Yale and participated in a workshop on foreign trade. He also worked for me as a research assistant. Promisel has a strong theoretical background and possesses the ability to apply theory to practical problems. He is highly industrious and capable; I expect that he will materially contribute to our knowledge in international economics.

Promisel is presently in the Netherlands writing his thesis on the problems of economic policy-making in an open economy. He expects to have much of the work done on the dissertation by the time he returns to the United States next summer. His work promises to be of theoretical interest and it should also provide useful conclusions for policy economics. Mr. Promisel was one of my brightest students at Yale; he is also highly personable. I warmly recommend him for your Department.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 13, 1967

Mr. Norberto Gonzalez
Director
Research and General Programming
United Nations Economic Commission for Latin America
Jose Miguel Infante 9 - Casilla 1567
Santiago, Chile

Dear Mr. Gonzalez:

A student of mine, Lea Johnson, is planning to write a dissertation on methods of planning propagated by ECLA and employed in some Latin American countries. She recently applied for a Social Science Research Council grant to finance a stay in Santiago and in two countries yet to be chosen. We are presently thinking of Colombia and one of the Central American countries where the study could be carried out.

As soon as she receives the grant, Miss Johnson will write to ask permission from ECLA for a short stay there. However she does not expect to go to Latin America before the end of the current academic year. In the meantime, it would be useful for her if she could consult the documents made available by your institution and by ECLA in general on the methods of planning in Latin America. I would appreciate it if you would furnish me with a list of such documents indicating whether they are available at United Nations headquarters. In case of documents which are available only in Santiago, I would be thankful if you could send them to me either in English or in Spanish.

In connection with the project of the World Bank on the Structure of Protection which I am directing, I plan to travel to Santiago late December or early January. I very much hope that we will then again have the occasion to meet and to discuss matters of common interest. Best regards,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. S. K. Bhatia

November 13, 1967

Bela Balassa

Cocktail Party - December 28, 1967

The following academic economists with interest in development problems may be invited to the Bank cocktail party on December 28th. I expect that with very few exceptions, they will come to the American Economic Association meetings.

Hollis B. Chenery
Albert O. Hirschman
Simon Kuznets
Harvey Leibenstein
Gottfried Haberler

Harvard

Max F. Millikan
Richard S. Eckaus
Paul Rosenstein-Rodan
Everett Einar Hagen
Charles P. Kindleberger (in Atlanta this year)

MIT

Lloyd G. Reynolds
Gustav Ranis

Yale

Robert Mundell
Arnold C. Harberger

University of Chicago

Peter Newman

Johns Hopkins University

Paul Gordon Clark
Henry Bruton

Williams College, Williamstown

BBalassa:pan

November 13, 1967

Mr. Wyatt Mankin
1414 E. 59th Street
Chicago, Ill. 60637

Dear Mr. Mankin:

Thank you for your letter of November 6th in which you requested a reprint of my article, "Tariff Protection in Industrial Countries: An Evaluation" which appeared in the December, 1965 issue of the Journal of Political Economy. I am sorry to advise you that I do not have any more copies of this article.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 9, 1967

Mr. Charles J. Siegman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Mr. Siegman:

Thank you for your enquiry concerning my article
in the May, 1967 issue of Review of Economics and Statistics.
The reprints are distributed by the Yale Economic Growth
Center and I suggest that you write to them direct.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 9, 1967

Professor D. S. Sarma
Department of Economics
D. M. College, Imphal
India

Dear Professor Sarma:

Many thanks for your letter of November 2nd and for the outline of your proposed study.

As I indicated in my earlier letter to you, I regard the study on regional trade arrangements in Asia to be of considerable interest. The arguments you put forward for such an integration scheme are generally sound but I would also emphasize the possible need for subregional arrangements. At the same time the suggestions made for sectoral integration would need further elaboration. Finally, your proposal for estimating future demand for commodities produced in South-East Asia appears to me to be rather ambitious.

While I would be interested in following your work on the study, I don't quite see how I can provide guidance on it. I do not plan to go to India in the near future, nor do I see the possibility of including a study of this sort in the research program of the institutions with which I am associated.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 9, 1967

Joint Economic Committee,
Room G-133
New Senate Office Building
Washington, D.C. 20510

Dear Sirs:

I would appreciate receiving the following
publications:

- (349) Productivity, Prices and Incomes
- (381) Volume I. July 11, 12, 13, 18, 19, and 20, 1967.
- (382) Volume II. Submitted statements
- (383) The Future of U.S. Foreign Trade Policy.
- (388) New Plan for International Monetary Reserves

Yours sincerely,

Bela Balassa
Professor of Political Economy
The Johns Hopkins University

November 9, 1967

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

Dear Sirs:

I would appreciate receiving the following publication, for which I am enclosing my check for 65¢:

Issues and Objectives of U.S. Foreign Trade Policy.
A compendium of statements submitted to the Subcommittee on Foreign Economic Policy, September 22, 1967.

Yours sincerely,

Bela Balassa
Professor of Political Economy
The Johns Hopkins University

November 9, 1967

Professor Alain Cotta
Purdue University
Herman C. Krannert Graduate School of
Industrial Administration
Lafayette, Indiana 47907

Dear Professor Cotta:

I am happy to hear that you will be able to accept our invitation to give a seminar at The Johns Hopkins University. I wonder if you could send me a copy of your paper in advance so that we could have this reproduced and distributed among the faculty and students. The seminar takes place at 2:00 o'clock and we would hope to have you join us for luncheon beforehand.

I must confess that due to pressing obligations I have still not gotten to read your book which you kindly sent me last December. I will certainly take the time to read it, however, before you arrive here. Newicki tells me that you will spend several days in Washington and I hope that I will have the opportunity to see you before your visit to Hopkins. Please let me know the day of your arrival so that I can arrange to have lunch with you.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 9, 1967

Mr. Harry H. Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland

Dear Harry:

We have now completed the calculations on changes in nominal tariffs under the Kennedy Round in four-digit SITC breakdown. Calculations on effective tariffs are starting today and we hope to complete them before the end of the month. You can expect, therefore, to receive the paper on the effects of the Kennedy Round on the exports of the developing countries in early December.

I recently had the opportunity to read the Battelle Institute's research proposal for a study of a World Trade Model. I do not consider the proposal to be worthwhile for financing by an international organization. It is a rather naive procedure to make forecasts for the years 1970 and 1975 on the basis of 1955, 1960 and 1965 data. A number of circumstances -- multilateral tariff reductions, the establishment of EEC and EFTA, the Vietnam war, etc. -- affected trade flows in the benchmark years and make extrapolation into the future a risky exercise.

At the same time, the analogy between national input-output tables and a world trade matrix is far from perfect. While the former is affected by changes in technological coefficients within a single country, the latter is influenced by technological progress in all the countries, by changes in the extent of protection, as well as by shifts between domestic and foreign goods and among trading partners. Correspondingly, the relative stability of the input-output coefficients does not provide

a guarantee for stability in the coefficients of the world trade matrix. In fact, casual observation indicates a substantial degree of instability in the coefficients of the latter matrix when the degree of instability increases with the details in the commodity classification. The application of the RAS method to forecasting the world trade matrix is therefore not as easy as the research proposal would lead us to believe.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

BBalassa:pam

cc: Development Services Department

November 9, 1967

M. F. Le Guay
Commissariat general du Plan d'equipement et de la Productivite
18 rue de Martignac
Paris VII, France

Cher Ami,

Je m'excuse de ne vous avoir pas ecrit plus tot au sujet du projet dont je vous avez entretenu precedemment. Ce projet a fait l'objet de longues discussions au sein de la Banque ces derniers mois. Malheureusement, il a ete finalement decide de reporter ce projet pour un certain nombre de raisons et notamment pour des raisons budgetaires.

Je regrette infiniment ce contretemps et j'espere que nous aurons prochainement une autre occasion pour travailler ensemble. En vous presentent de nouveau mes excuses, je vous prie de croire, cher Ami, a mes sentiments les meilleurs.

BBalassa:pam

Bela Balassa
Consultant
Economics Department

November 9, 1967

M. Jean Waelbroeck
Professeur a l'Universite Libre de Bruxelles
29, rue d'Heuval
Laroche-en-Brabant
Bruxelles, Belgium

Dher Ami,

Je m'excuse de ne vous avoir pas ecrit plus tot au sujet du projet dont je vous avez entretenu precedemment. Ce projet a fait l'objet de longues discussions au sein de la Banque ces derniers mois. Malheureusement, il a ete finalement decide de reporter ce projet pour un certain nombre de raisons et notamment pour des raisons budgetaires.

Je regrette infiniment ce contretemps et j'espere que nous aurons prochainement une autre occasion pour travailler ensemble. En vous presentent de nouveau mes excuses, je vous prie de croire, cher Ami, a mes sentiments les meilleurs.

Bela Balassa
Consultant
Economics Department

BBalassa:pam

November 9, 1967

M. Jean Benard
Professeur de l'Universite de Poitiers
Directeur du Centre d'Etude de la
Prospection Economique a Moyen et Long Terms
16, rue Berthelet, Arcueil
Paris, France

Dher Ami,

Je m'excuse de ne vous avoir pas ecrit plus tot
au sujet du projet dont je vous avez entretenu precedemment.
Ce projet a fait l'objet de longues discussions au sein
de la Banque ces derniers mois. Malheureusement, il a ete
finalement decide de reporter ce projet pour un certain
nombre de raisons et notamment pour des raisons budgetaires.

Je regrette infiniment ce contretemps et j'espere
que nous aurons prochainement une autre occasion pour
travailler ensemble. En vous presentant de nouveau mes
excuses, je vous prie de croire, cher Ami, a mes sentiments
les meilleurs.

Bela Balassa
Consultant
Economics Department

BBalassa:pam

November 7, 1967

Mr. Richard Portes
Balliol College
Oxford, England

Dear Mr. Portes:

I recently heard from Michael Montias concerning the progress you have made with your dissertation on Hungarian economic policies. I would be very much interested in receiving anything you have written on the subject, especially since I have been invited to Hungary to have discussions on the new economic system. I may indeed go there late Spring but I have not yet finally decided to accept the invitation.

I wonder if you plan to be in the United States before next Spring; I would be interested to talk to you in person. Should you not come here, I might perhaps see you in Europe.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 8, 1967

Professor P. Munthe
Department of Economics
Oslo University
Frederiksgate 3
Oslo, Norway

Dear Professor Munthe:

I am glad to report that the calculations on the relationships of production and exports as well as consumption and imports have been completed. I am presently engaged in writing a short note on the basis of these results and will send it to you in about two weeks. Since this note would be the second part of a joint paper on Norwegian industrial development, I would like to ask you to inform me concerning the progress you have made in the writing of the historical review of Norwegian trade policies.

The paper in question, as well as the study on the system of protection in Norway, should also include calculations of effective tariffs. I am anxious, therefore, to have the nominal tariffs calculations carried out by Mr. Flo. It would be helpful if Mr. Flo send me tariff averages on a four-digit SITC basis so that I can use these for calculating the effective rate of protection both on basis of the Norwegian and our standardized input-output table.

May I ask you to inform me at approximately what date I can expect to receive the historical review on trade policies and the averages of nominal tariffs.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

November 8, 1967

Mr. N. Venkataraman
8/35, WEA
Karol Bagh, New Delhi 5
India

Dear Mr. Venkataraman:

I remember you from the Economics 118 class and
I will indeed be happy to give you a recommendation to any
university to which you might apply.

Wishing you success in your plans, I remain

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 7, 1967

Frederick A. Praeger & Co.,
111 4th Avenue
New York City, N. Y.

Dear Sirs:

Please send me A. T. Mosher, Getting Agriculture Moving
paperbound, and also Selected Readings to Accompany Getting
Agriculture Moving, Raymond E. Borton, ed. and bill me at your
professional discount.

Yours very truly,

Bela Balassa
Professor of Political Economy

November 7, 1967

Organisation for Economic Co-operation and
Development Publications Center
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Sirs:

Since Mr. Balassa has just received a free copy of Capital Markets Study, General Report, he is returning the copy you sent.

Would you please send him Development Plans and Programmes and also Quantitative Models as an Aid to Development Assistance shown in your September issue of the OECD publications and bill him at your professional discount rate.

Yours very truly,

Secretary to Mr. Balassa

November 7, 1967

Miss Teresa Jeanmeret
Universidad de Chile
Instituto de Economia
Castilla 3861
Santiago, Chile

Dear Miss Jeanmeret:

Thank you for your letter of October 30th informing me of the progress of your work. I understand the difficulties you face in adjusting the calculations for indirect taxes. The suggested solution is perfectly fine with me. I hardly see how you can improve on it; at any rate this is the method used by other contributors also.

As to the purpose of the project, you are not far off the mark. Our aim is to indicate the combined effects of taxes, subsidies, tariffs, quotas, and similar measures on the allocation of resources in a given country as compared to a hypothetical free trade situation. In other words, we ask the questions (a) what distortions these measures create in domestic resource allocation, and (b) what advantages or disadvantages they provide to domestic producers as compared to their foreign competitors. (This is especially clear in the case of quotas where implicit tariffs are used, i.e. domestic prices are compared directly to world market prices.)

Now, since under competition price equals marginal costs, in the absence of these measures domestic costs and prices would be equal to world market prices. Accordingly, your formulation of the problem is also correct provided that you include indirect taxes among the causes of distortions in domestic relationships. (This is the reason for the choice of the formula of the effective rate of protection queried in your earlier letter which adjusts not only for tariffs but also for taxes).

The hypothetical free trade situation is derived from the domestic input-output table in an indirect fashion by adjusting for the effects of these measures. In this connection, you raise the question, why the country's own input-output table rather than a world matrix is used in calculating the effective rate of protection, given that the latter would give a better indication of the free trade coefficients than the former. We are employing both of these approaches and for good reason. In a standardized world matrix, information pertaining to individual countries is lost and one cannot appropriately take account of the special characteristics of a country's product mix. Nevertheless, the standardized matrix has its uses by permitting us to make intercountry comparisons and because the possibilities of error are often smaller in this than in the domestic input-output tables.

As to the use of value added as a basis of comparison, this choice reflects our preoccupation with the cost of processing in individual industries. As I indicated in the paper written jointly with Dani Schydowsky (to be published in the April, 1968 issue of the Journal of Political Economy) this is the relevant issue since an industry should not be penalized for the inefficient production of its inputs. In other words, we estimate the excess cost of the domestic transformation of the material inputs.

Your example introduces a further problem, that of the waste of material inputs which would account for the use of 4.61 units of materials domestically as compared to 4 units in a free trade situation. As I noted on p. 16 of the Outline and Methodology, in this case the effective rate of protection estimated from domestic input-output tables will indicate the combined effects of inefficient processing and waste of materials. The use of a standardized matrix will, however, not allow for the latter.

You also raise the question, why do we not also take account of other causes of distortions, such as minimum wage laws, negative interest rates, social charges of labor. Some of these factors are neglected because they affect every industry in the same way, such as social charges which are part of the wage cost and should therefore not be considered separately. The neglect of others simply reflects the incompleteness of our investigation. But we could hardly "bite" more at this point.

Two weeks ago I went to Mexico to discuss Bueno's results. I will have to return there in the second half of December when the first version of his paper will be completed. To save time and money, I would like to connect this trip with the one to Santiago. Accordingly, you do not have to keep the November 20th deadline which, according to your letter, would be difficult anyway. Could I come at the dates originally suggested for our Washington meeting, i.e. December 27 - 28 or even the 26th? Please let me know as soon as you can.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

P.S.

I am not sure what you have in mind in connection with the weighting of tariffs. I sent you earlier the weight to be used on a four-digit SITC basis while subsequent papers related to standardized matrix only.

Miss Hui-lun Liu

November 7, 1967

Bela Balassa

Norwegian input-output tables

By reference to our telephone conversation today, I would like to ask you to carry out the following summations in the above tables.

- (1) Manufacturing goods 1201 to 1390 1318 + 1319
- (2) Food processing 1201 to 1220 plus 1317, ~~1318~~ and 1319
- (3) Nonferrous metals 1343 and 1344
- (4) Pulp and paper 1271 and 1273
- (5) Manufacturing other than food processing (1) - (2)
- (6) Manufacturing other than food processing and nonferrous metals (5) - (3)
- (7) Manufacturing other than food processing, nonferrous metals, and pulp and paper (6) - (4)

I would also like tables to be made containing data for the four-digit groups 1220 to 1379 in the breakdown we have utilized for the years 1959, 1961 and 1965. (Data on a four-digit basis are not available for earlier years)

BBalassa:pam

Mr. Alexander Stevenson

November 6, 1967

Bela Balassa

Expenses relating to the Structure of Protection
in Developing Countries Project

In my memo of May 28, 1967, I noted some of the uses of \$6,150 reserve funds included in the 1967-68 project budget. Among these uses, research expenses relating to the Argentine study amounted to \$280 instead of the expected \$400, while the cost of computations for the Norwegian study will be less than half the \$300 to \$500 I envisaged. Finally, the expenses to be incurred in connection with the Brazilian study will be in the \$1500 to \$2000 range indicated in the memo.

In turn, as the enclosed letter shows, the changeover in computer and in the personnel of the Argentine planning agency (CONADE) makes it necessary for Mr. Schydrowsky to make another trip to Buenos Aires. The approximate cost of this trip is \$750. As earlier indicated, additional expenses will also be incurred by reason of separating my trips to Mexico City and Santiago, which was necessitated by the delays in my Chilean contributor's work. The extra expenses will amount to about \$300; this includes the cost of a two-day stopover in Mexico City on my way to Santiago to discuss the draft Bueno will prepare by December 10th.

Accordingly, about \$3,000 - \$3,500 of the \$6,150 available in reserve funds is spoken for. The remainder should be kept in reserve for unforeseen expenses.

BBalassa:pam

cc: Mr. Kamarek

Mr. Harold Dyer through Mr. Stevenson

November 6, 1967

Bela Balassa

Completion dates for country studies in
the Structure of Protection Project

In answer to my recent inquiries, I have been informed that several of the contributors will not be able to complete their studies for the time indicated in their contract. Accordingly, I had to postpone the date of the second meeting of the project which, in turn, entails the postponement of the date of submission of all the studies.

I wish to ask, therefore, that the contracts of all contributors be amended to take account of the change in dates. Instead of November 15, 1967, January 15, 1968 should be given as the date for submitting the papers for purposes of discussion at the second meeting of the Structure of Protection project, while the date for the submission of the final version should be set at May 31st, 1968.

BBalassa:pam

Mr. Joseph C. Reamy

November 6, 1967

Bela Balassa

Trip to Mexico - October 16 - 20, 1967

In connection with the above trip, this is to advise you that upon my arrival in Mexico City I presented the correspondence between the Travel Department and the Maria Isabel hotel to the hotel manager. I also indicated to her that, according to the Travel Department, the hotel still had an \$18.00 deposit on a room which had been booked for me for an earlier date but had subsequently been cancelled. The hotel manager told me that this deposit had been returned to the Bank and that they did not have a reservation for me. I thereupon made a reservation for the nights of the 17th through to the 20th but spent Monday night, the 16th, at the Golden Suites Hotel.

BBalassa:pam

cc: Travel Department

November 6, 1967

Professor Henry J. Bruton
Department of Economics
Williams College
Williamstown, Mass. 01267

Dear Henry:

Thank you for your letter of October 24, containing some observations on my earlier comments on your "Productivity Growth and Development in Latin America."

I understand that you did not wish to discuss in detail the generalized capital formation notion in the paper since this is taken up in extenso in your recent book. One cannot assume, however, that the readers of your paper (including myself) had access to the book. At any rate, my objections pertained to the lack of rigorous formulation of the hypothesis rather than to the absence of a detailed discussion. More generally, I expressed the view that the exposition of the paper could stand considerable tightening. At places, the looseness of the argumentation has made it difficult to see what position you are taking; this may explain the apparent misunderstandings concerning some of the issues raised in the paper.

A related question is that, whatever your views on the merits of the controversy, it is hardly appropriate to summarily dismiss the technology issue in an essay on the sources of productivity growth. Similar considerations pertain to the role of capital formation which has been the subject of extensive discussion. And while you note that it was not your job to review the literature, a consideration of some of the evidence would have been helpful to provide a balanced appraisal. Aside from Hill's EJ paper (which, incidentally, is better than you ... make it out to be), there have been several efforts to correct the deficiencies of the naive approach you also follow in your regression analysis. One of these (N. Schmitz, *Prevision de croissance des pays developpes*) uses a linear production function and includes the growth of labor and capital as independent variables in explaining intercountry differences in the growth of GNP among the industrial countries. The regression coefficients of both of the variables are highly significant and the multiple coefficient of determination is .92.

I plead guilty for having misread the results of your calculations on p. 15 of the paper. But this does not absolve you from having failed to indicate that the regression results are not statistically significant. At the same time, I am at a loss to understand what you mean by the statement, "If you brush up on your multiple regression theory you will find that this

tool cannot be used to solve the complementarity problems." Multiple regression analysis provides unbiased estimates at the regression coefficients and intercorrelation among the independent variables only increases their standard error. Thus, the Beta coefficients can be used to indicate the contribution of the independent variables in explaining the variance of the dependent variable while the hypothesis that the former variables are interrelated can be tested separately. It may appear, then, somewhat hasty to dismiss the usefulness of multiple regression analysis in the context.

I will be interested to see further extensions of your paper. It certainly contains a lot of ideas that are worth elaborating on. Among other things, I would like to know what you mean by imported productivity growth if this does not refer to improvements embodied in imported equipment.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

cc: Messrs. Kanarck, Stevenson, van der Tak, Walstedt

Mr. David Kochav

November 2, 1967

Bela Balassa

Comments on Wilson Schmidt, "An Analysis of
Tariff Protection for Industry in Ethiopia"

Enclosed are my comments on the above paper by Mr. Schmidt.
I am sending you two copies so that you can forward one to him if you
wish.

BBalassa:pam

November 2, 1967

United Nations Economic Commission
for Asia and the Far East
Trade Division
Bangkok, Thailand

Dear Sir:

In the year 1964 I wrote two papers for you; one dealing with the dynamic effects of economic integration, the other with payments arrangements in developing regions. I find now that these papers have been published in the volume "The Asian Development Bank and Trade Liberalization".

It puzzles me that I was not informed of the publication of the papers and my permission for the cuts which were made was not requested. But let bygones be bygones and I would rather ask you to send me two copies of the above volume as well as a copy of other publications in your Regional Economic Co-operation Series.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Andrew M. Kamarck

November 2, 1967

Bela Balassa

Report on Activities - October, 1967

Continuing Projects

Structure of Protection in Developing Countries:

- Discussions on Mexican study (October 16 - 23)
- Comments on problems of Mexican study

Other Studies

- Completed revised draft of paper on lending criteria for the World Bank Group
- Started work on the effects of the Kennedy round on the exports of developing countries

Comments on Bank Studies and Papers

- Henry Bruton's "Productivity Growth and Development in Latin America"

Other Activities

- Comments on W. C. Gordon, "International Aid and Development" requested by Economic Development and Cultural Change, University of Chicago
- Comments on Battelle - World Trade Model for B. A. de Vries
- Comments on Wilson Schmidt, "An Analysis of Tariff Protection for Industry in Ethiopia" for David Kochav
- Comments on Micha Gisser's "A Model Projecting Exchange Rate Changes" requested by National Science Foundation
- Participated at Council of Foreign Relations meeting on the problem of preferences to developing countries
- Suggestions for research on commodity agreements

BBalassa:pam

November 2, 1967

Mr. Charan D. Wadhwa
118, Mansfield Street
New Haven, Connecticut 06511

Dear Mr. Wadhwa:

Thank you for your letter of October 25th. I certainly remember you from class and would be glad to see you when you are in Washington.

I have not done any work on regional payments arrangements since the time I wrote the paper for ECAFE. (Incidentally, I had no idea that ECAFE published the paper I wrote for him as a Consultant; apparently they neglected to send me a copy). Most of the literature on the problem deals with Latin America; the best references are in the CEMLA volumes. I presume, however, that Professor Triffin is familiar with these since he has had a great part in the discussions.

Sincerely yours,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy

November 2, 1967

Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

Dear Sirs:

I would like to purchase five copies of my book,
Trade Liberalization among the Industrial Countries: Objectives
and Alternatives at author's discount. Please forward this
order to the publisher if you do not have a sufficient number
of copies.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 2, 1967

Dr. Detlef Lorenz
1 Berlin 21
KlopstockstraÙe 18

Dear Dr. Lorenz:

I am indeed interested in the subject of your recent book. I read German fluently (although I prefer not to write it) and would appreciate it if you could send me a copy.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 2, 1967

Professor I. L. Herrnstadt
Department of Economics
Northeastern University
Boston, Massachusetts 02115

Dear Professor Herrnstadt:

Thank you for your enquiry concerning my article
in the May, 1967 issue of Review of Economics and Statistics.
The reprints are distributed by the Yale Economic Growth
Center and I suggest that you write to them direct.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 2, 1967

Mr. Ik-Whan, Kwon
Department of Economics and Statistics
The University of Georgia
College of Business Administration
Athens, Georgia 30601

Dear Ik-Whan:

I am afraid that your first letter sent to Yale got lost. It was addressed to Yale while I am now with The Johns Hopkins University and the International Bank. Perhaps you could let me know what your original request was.

With best regards,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 2, 1967

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

Dear Steve:

I was happy to hear that your paper will be published in the April issue of the Journal of Political Economy. The same issue will include the paper I wrote jointly with Dani Schydrowsky.

As indicated in my circular to the contributors, we had to postpone the meetings originally planned for late December. I will try to dovetail it with the conference organized by the OECD Development Center. Needless to say, the Bank will cover all travel expenses incurred in connection with our meeting.

You are correct that it is not a good solution to use the absolute value of the effective rate of protection in cases where "derived" world market value added is negative. I have misstated this issue in the Outline and Methodology. As I see it, we will have to include the negative coefficients in the tables with appropriate footnoting.

I haven't heard from Giesinger recently, although I would like to make arrangements concerning his fee. Do you know what he is doing at the present?

Best regards,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

P.S.

If you prepare the revised version of your paper in mimeographed form, please send me 20 - 25 copies. Send also a copy directly to Nurul Islam who is presently at EDI.

November 2, 1967

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

Dear Gerardo:

I talked to Jack Baranson concerning the problem of the comparability of quality in the case of automobiles in Latin America and elsewhere. Baranson showed me a dissertation written by Mr. Guillermo Adelberg on the Mexican automobile industry, of which Chapter 5 is relevant for your work. A copy of this chapter is enclosed.

I was asked in the Bank whether we could provide information on the protection of the telecommunication equipment industry (telephone lines and equipment, switching equipment, etc.) in Mexico. I wonder if you could send me the data on the input structure of this industry, tariffs, and, if possible, price comparisons.

It was good to see you in Mexico and I look forward to our next meeting.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

P.S.

We will send you the weights for the standardized input-output table in the next few days.

November 2, 1967

Professor Tibor Scitovsky
Organization for Economic
Co-operation and Development
91, boulevard Exemans
Paris 16^e, France

Dear Tibor:

Joel Bergsman tells me that you plan to hold a meeting of your study project on industrialization in early March. Could you please let me know the exact dates of the meeting so that I can plan ours accordingly.

We originally expected to have the second meeting of the protection study in late December but, due to delays in the Latin American studies, this cannot take place before March. Since two of our contributors are also working for you, I would like to set my meeting either immediately before or after yours. I will send you a formal invitation to our meetings as soon as the date is settled.

I am sorry to have missed you in Mexico; it seems that you left the day before I arrived. Looking forward to seeing you soon,

Yours sincerely,

Bela Balassa
Consultant
Economics Department

November 2, 1967

Professor John H. Power
Visiting Professor Economics
University of the Philippines
P.O. Box 776
Manila, Philippines

Dear John:

Thank you for your letters of October 24th and 26th. As I indicated in the circular sent out yesterday, we have had to postpone the date of our second meeting. Needless to say, your cost of transportation to Washington and related expenses will be covered by the Bank.

The Administrative Department will send you an official letter concerning the change in the dates in your contract but this may take some time.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

November 2, 1967

Mr. Joel Bergsman
USAID - Rio de Janeiro UCB
APO New York 09676

Dear Joel:

I wrote to Tiber today enquiring about the date of their conference. As soon as I hear from him I will set up the time for ourselves.

I was asked in the Bank whether we could provide information on the protection of the telecommunication equipment industry (telephone lines and equipment, switching equipment, etc.) in Brazil. I wonder if you could send me data on the input structure of this industry, tariffs, and, if possible, price comparisons.

I would appreciate your sending me this information at the earliest. I would also like to know how the results of the effective tariff calculations look.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

November 2, 1967

Dr. Szaz Zoltan
Department of History and Political Science
Seton Hall University
South Orange, New Jersey 07079

Dear Professor Szaz:

Thank you for the invitation to participate in the Research Advisory Council of your Society. I am sorry to say that due to other obligations I am not able to accept this invitation for the coming year. I hope, however, that I may participate in your work at some future time.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. Fred Parmalee

November 2, 1967

Bela Balassa

Meeting on November 9th

I will be able to come to New York on November 9th earlier than I expected. I will arrive at 2:00 o'clock and could come to your office around 2:15 - 2:20 if this is convenient. Please let me know if the time does not suit you.

BBalassa:pan

November 1, 1967

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

Dear Bob:

Thank you for your letter of October 11th asking me to recommend to your staff somebody with a strong interest in international economics.

Among my former Yale students you may consider Larry Premise, who is presently in the Netherlands writing his thesis on the problems of economic policy-making in an open economy. Larry expects to have much of the work done on the dissertation by the time he returns to the United States next summer. He may be available for interview at the Christmas meeting but as yet I do not have definite news as to whether he would come to Washington at that time. Larry was one of our brightest students at Yale; his interests include International Economics, Money and Banking.

On a higher level I would warmly recommend Van Doorn Ooms, who wrote an excellent dissertation on the export performance of developing countries. The highlights of the dissertation were published in the last issue of the Yale Economics Essays. Van has since worked in South Asia and should be completing a book for the Yale Growth Center Series on Malaysia. His interest lies in international economics and economic development. I have no information concerning his future plans but it would be worth your while to try to get him.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

November 1, 1967

Professor William G. Andrews
Department of Political Science
State University College at Brockport
Brockport, New York 14420

Dear Professor Andrews:

September 28 looks to be a fine date for the
Fifth Republic Conference. I have noted it in my calendar
for next year.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

October 31, 1967

Professor I. M. Drummond,
Managing Editor,
The Canadian Journal of Economics and Political Science
100 St. George Street
Toronto 5, Ontario
Canada

Dear Professor Drummond:

Thank you for your recent letter informing me of the acceptance of my paper, "Tariff Protection in Industrial Nations and its Effects on the Exports of Processed Goods from Developed Countries" for publication in The Canadian Journal of Economics and Political Science. Please let me know the deadline for the submission of the revised version. In the revisions I will take account of comments made by your reader.

I wonder if I may ask you to send me a copy of your last letter. It has unfortunately been misplaced and, while I recall several of the comments made, it would be useful to have the original letter.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

October 31, 1967

Professor Bert F. Hoselitz
Editor
Economic Development and Cultural Change
University of Chicago
Chicago, Illinois 60637

Dear Professor Hoselitz:

I would appreciate it if you would kindly substitute the attached, which is the first page of Mr. Balassa's comments on W. C. Gordon, "International Aid and Development" for the page which was sent to you earlier today but which contained an error.

Yours sincerely,

Secretary to Mr. Balassa

October 31, 1967

Professor Bert F. Hoselitz
Editor
Economic Development and Cultural Change
University of Chicago
Chicago, Illinois 60637

Dear Professor Hoselitz:

Enclosed is my reader's report on W. C. Gordon,
"International Aid and Development". For the reasons given
in the report, I do not recommend publication of Professor
Gordon's paper.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

encl.

Professor of Political Economy
The Johns Hopkins University

October 31, 1967

Professor Robert A. Mundell
The University of Chicago
Chicago, Illinois 60637
The Journal of Political Economy

Dear Bob:

Thank you for your letter of October 18th informing me of the acceptance of the joint paper written with Daniel Schydrowsky on "Effective Tariffs, the Domestic Cost of Foreign Exchange and the Equilibrium Exchange Rate" for publication in the JPE. We will effect the revision of the paper along the lines suggested by early December so that you can include it in the April issue.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Professor of Political Economy
The Johns Hopkins University

cc: Daniel M. Schydrowsky

Mr. A. M. Kamarck

October 30, 1967

Bela Balassa

Participation in Morocco Mission

I find that I am free from teaching obligations between January 19th and February 7th. Since I could absent myself for another seven to ten days immediately before or after this period, my participation in the mission to Morocco would be assured if this was scheduled approximately between mid January and mid February.

BBalassa:pam

October 30, 1967

Mr. Floyd Hall
President
Eastern Air Lines
10 Rockefeller Plaza
New York City, N. Y. 10020

Dear Sirs:

On October 17th I bought a round trip ticket Mexico City/Oaxaca/Mexico City at your Ma. Isabel office in Mexico City. According to the ticket and the boarding pass, I was to take the 10:40 a.m. flight on October 22nd back from Oaxaca. When I arrived at the airport I found that such a flight did not exist and that there was no flight out of Oaxaca I could take later in the day. As a result I had to spend an additional day in Oaxaca and, in the absence of available seats on the direct Mexico City/Washington flight, I had to return to Washington through New York the next day. Since I had no obligation to reconfirm the flight from Oaxaca, my delay has been due exclusively to an error on the part of your personnel.

While I do not request compensation for the loss of income due to this delay, I wish to ask for reimbursement of the actual expenses incurred. According to the enclosed bill my hotel expenses for the day amounted to \$32.30, to which should be added the extra expenses due to my travelling through New York (I originally had a reservation for a direct flight from Mexico City to Washington on October 22nd). These include \$13.48 for flying to New York instead of to Washington, \$4.20 taxi from Kennedy to La Guardia airport, and \$18.00 on the Eastern shuttle from Washington to New York.

I would appreciate it if you would send me a check for \$67.98 to cover these expenses. I am enclosing copies of all tickets and other documents relating to the above incident.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Expenses incurred on October 23, 1967

1. Your ticket Mexico City/Oaxaca/Mexico City
2. Boarding pass, Mexico City and Oaxaca
3. Receipt for additional expense of Mexico City/New York flight
4. Eastern Airlines shuttle ticket New York/Washington
5. Oaxaca hotel bill

October 13, 1967

Mr. Harry H. Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneve 10
Switzerland

Dear Harry:

Three-digit tariff averages were obtained by weighting four-digit SITC data by the combined imports of the industrial countries. The four-digit figures themselves were derived by using the country's own imports as weights.

The work on the effects of the Kennedy round is progressing but the part relating to the United States is very time-consuming since we have to convert TSUS rates into BTN and then into SITC.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

BBalassa:pam

cc: Development Services Department

October 13, 1967

Professor Robert Baldwin
Brookings Institution
1775 Massachusetts Avenue
Washington, D.C. 20036

Dear Bob:

Enclosed are the papers you requested. Unfortunately, there are no more copies of the Balassa-Schydrowsky paper. It will, however, be distributed by the Harvard group and I will then send you a copy.

It was good to see you and I look forward to lunching with you in November.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

encl.

October 13, 1967

Mr. Andrew E. Rice
Society for International Development
1346 Connecticut Avenue N.W.
Washington, D.C. 20036

Dear Mr. Rice:

It is indeed a highly unusual procedure to request the submission of a paper and then to cancel its publication after the paper has been submitted. I do not think that you seriously expect me to return to this matter and prepare a "Letter to the Editor" on the subject. At the same time I have no desire to have the paper excerpted because this could not give the full flavor of my argument.

Let me add that despite the urgency of the original request I never received an acknowledgment of the receipt of my paper. Further, it is rather surprising that your letter arrived after the relevant issue of the International Development Review had been published.

Yours very truly,

Bela Balassa
Consultant
Economics Department

Mr. Parmalee

October 13, 1967

Bela Balassa

The "Boomlet" and other matters

According to the Goldman-Sachs report that the aftereffects of the automobile strike and the anticipation of the steel strike will result in a "bulge" in industrial production early next year. There may indeed be such a bulge, but its importance should not be overemphasized. For one thing, indications are that the Ford strike would be settled in the near future. For another, recent events indicate a decrease in the probability of a steel strike (Cf. the Wall Street Journal, October 12, 1967). At any rate, as the report also indicates, consumer expenditure has been rising rapidly and further increases in consumption, along with renewed inventory accumulation, will be a potent force in the expansion and will also provide inducements for increased investment activity.

It seems to me, therefore, that the expansion would continue throughout 1968 although at a somewhat uneven pace. Correspondingly, as the Oppenheimer report emphasizes, increases in taxes will be necessary to weaken inflationary pressures. It is a different question if profits rise in line with output. At one time I thought that this would not be the case. However, recent increases in steel and car prices point to the conclusion that we are not likely to have "profitless prosperity".

It goes without saying that rising prices and profits will bring with them a deterioration in the balance-of-payments. It is this latter result which leads me to maintain my prediction that we will experience a sizeable setback in the stockmarket sometime in 1968. But this might not come in the first half of the year, and one could still profit from increases in stock prices in the intervening period. In this regard, an optimistic note has been sounded by Louis Stone (see enclosure) and he may well be right.

BBalassa:pam

October 12, 1967

Professor Gian S. Sahota
USAID-VU Visiting Professor of Econometrics
Universidade de Sao Paulo
Faculdade de Ciencias Economicas e Administrativas
Rua Dr. Vila Nova, 285
Sao Paulo, Brazil

Dear Professor Sahota:

I am sorry to say that I cannot supply you with a copy of the U.N. Series No. 43: "Standard International Trade Classification." You can purchase this from the U.N. Headquarters in New York or from a U.N. office in your country.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

October 12, 1967

Professor Mordechai Kreinin
Michigan State University
Department of Economics
East Lansing, Michigan 48823

Dear Max:

Thank you for your letter of October 1st. I am afraid that nobody comes to my mind who I could recommend for a senior vacancy in macro economic theory at Michigan State University.

We recently prepared the index of Studies in Trade Liberalisation; the book should be out before the end of the year.

Hoping to see you at the AEA meeting, I remain

Sincerely yours,

Bela Balassa
Consultant
Economics Department

October 12, 1967

Mr. Stanley M. Besen
Rice University
Houston, Texas 77001

Dear Mr. Besen:

I will be happy to fill out the reference report
for an NSF Science Faculty Fellowship. Good luck!

Sincerely yours,

Bela Balassa
Consultant
Economics Department

October 12, 1967

Mr. Michel Dubois
13, Rue du Temple
49 Saumur, France

Dear Mr. Dubois:

Please excuse the late answering of your letter of August 30th. Other obligations have not permitted me to get to it earlier.

I agree with you that it would be difficult to utilize the methods of Waelbroeck and Verdoorn in estimating the probable effects of Britain's participation in the European Common Market. To my mind, the best solution would be if you start out with the tariff levels in the two countries and utilize import elasticity values to arrive at the trade creating effect of Britain's participation in the EEC. This method has been used in my recent article, "Trade Liberalization under the 'Kennedy Round': The Static Effects", which appeared in the May, 1967 issue of The Review of Economics and Statistics. Needless to say, it would also be of interest to estimate the trade diverting effects of the enlargement of the Common Market on the United States and other outsiders.

Should you have any questions upon reading my article, I will be happy to answer them.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

October 12, 1967

Professor Henry Bruton
Williams College
Williamstown, Mass.

Dear Henry:

I read your paper on "Productivity Growth and Development in Latin America" with considerable interest. The enclosed comments, prepared at the request of Bertil Walstedt, are as much suggestions for future research as they are comments and criticisms on your discussion.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

encl.

Mr. A. E. Tiemann

October 12, 1967

Bela Balassa

Calculations on Norwegian production, consumption and trade

This is to request that calculations be carried out from Norwegian input-output tables on the production exports, imports and consumption on 55 industries in the years 1949, 1953, 1958, 1961 and 1965. All data should be converted into constant prices and index numbers as well as export-production export-imports and imports-consumption ratios calculated.

The information necessary for the calculations is provided by the Norwegian input-output tables.

BBalassa:pam

Mr. H. E. Dyer

October 10, 1967

Bela Balassa

Payment for services rendered in the Argentine study

Enclosed is statement from Mr. Daniel Schydlofsky certifying the completion of the survey on implicit tariffs for Argentina. As Mr. Schydlofsky indicates, the total cost of the study has been \$280 rather than the \$400 originally estimated.

I wish to ask you to make the appropriate arrangements so that the \$80 outstanding after the earlier payment of \$200 be paid to Mr. Juan Jose Santiere who has taken over the work from Mr. Herschel upon the latter's assumption of his new duties in Santiago, Chile.

BBalassa:pam

October 10, 1967

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

Dear Gerardo:

I will be arriving in Mexico City on Monday afternoon.
Please call me at the Maria Isabelle Hotel Tuesday morning so that
we can arrange the time of our meeting.

Yours sincerely,

Bela Balassa
Consultant
Economics Department

Mr. I. S. Friedman

October 9, 1967

Eala Balassa

Paper on Lending Criteria

Enclosed is a draft version of the paper on "Lending Criteria for the World Bank Group". My purpose has been to bring out some of the assumptions underlying present lending policy and to reconsider, on the basis of economic principles, the criteria for lending by the World Bank Group. The discussion focuses on eligibility for concessional and nonconcessional lending; I have not dealt with problems of project selection or the relationship between lending terms and the character of the project to be financed. These questions might be usefully analyzed in a separate paper.

EBalassa:pm

cc: Messrs. Kassarck, Stevenson, Adler, de Vries, King, Collier

Mr. Bela Balassa

October 9, 1967

A. Stevenson

Terms of Reference

You are authorized to proceed to New York the days of October 11, November 9, and December 7 to participate at the meetings of the Study Group on international trade policy organized by the Council on Foreign Relations.

BBalassa:pam

cc: Mr. J. H. Williams
Mr. George Kalmanoff
Mrs. Shirley Armstrong

October 5, 1967

Chelsea Hotel
222 West 23rd Street
New York City, N. Y.

Dear Sirs:

Could you please reserve a single room with bath
for occupancy on Saturday, October 14th, 1967.

Confirmation of reservation should be sent to
my home address, 2500 Que Street, N.W., Washington, D.C.
20007.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

2500 Que Street N.W.
Washington, D.C. 20007

October 5, 1967

Metropolitan Opera House
Box Office
Lincoln Center Plaza
Broadway at 64th Street
New York, N. Y. 10023

Dear Sir:

I would like to purchase two tickets in the Dress Circle at \$9.00 each for the afternoon performance on Saturday, October 14th, of Falstaff. Should tickets in this price range not be available, please send two of the best tickets below that price. A check for \$18.00 is enclosed.

Yours sincerely,

Bela Balassa

October 5, 1967

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

Dear Sirs:

Would you please be good enough to change the
address to which you send both bills and books from -

Prof. Bela Balassa
Director of the World Trade Patterns Project
Department of Economics
Yale University
37, Hill House Avenue
NEWHAVEN, Conn. U.S.A.

to
Professor Bela Balassa
Department of Political Economy
The Johns Hopkins University
Baltimore, Maryland 21218

Also, would you kindly send him your latest
catalogues.

Yours sincerely,

Secretary to Mr. Balassa

Mr. Andrew M. Kamarek

October 5, 1967

Bela Balassa

Report on Activities - September, 1967

Continuing Projects

1. Structure of Protection in Developing Countries:
 - Discussed problems relating to Chilean and Norwegian studies.
2. Evaluation of Trade and Balance-of-Payments of Less Developed Countries in 1960-65:
 - Completed provisional version of the paper

Other Studies

- Prepared first draft of paper on "Lending Criteria for the World Bank Group"

BBalassa:pan

DECLASSIFIED

Mr. I. S. Friedman

OCT 04 2022

October 5, 1967

Bela Balassa

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Comments on Pope Paul VI's Encyclical

1. The Pope's encyclical "On the Development of Peoples" follows in the tradition of Leo XIII in "Rerum Novarum" and Pius XI in "Quadragesimo Anno" which dealt with various aspects of the capitalist system. In the encyclical, the Pope extends the thought of his predecessors to the case of developing economies and applies considerations pertaining to nation states to the relationship of developed and developing countries.
2. The economic content of the encyclical reflects the traditional Catholic views on the profit motive, unregulated competition, and the obligations of the rich towards the poor; it also relies to a considerable extent on the teachings of economists, such as Raul Prebisch, Hans Singer, and Barbara Ward (Miss Ward has apparently participated in the preparatory work of the encyclical). There is, however, no evidence of any Marxist influence. The Pope warns against messianism which represents a drift towards totalitarian ideologies (para. 11), he endorses reformism and rejects revolutionary solutions ("save where there is manifest long-standing tyranny" -- para. 31), and affirms the need to "avoid the danger of complete collectivization" (para. 33).
3. Economists who profess views similar to those of Prebisch or Singer have welcomed the positions taken in the encyclical. In turn, and not surprisingly, the critics of these views have objected to its economic content. To many of the questions raised in the encyclical, there is no objective answer that would permit us to make a choice between these conflicting views. Still, one may attempt to appraise the validity of some of the pronouncements of the encyclical on the basis of widely accepted tenets of development economics.

The Role of Private Initiative

4. Following in the footsteps of his predecessors, the Pope considers it unfortunate that in capitalist countries "a system has been constructed which considers profit as the key motive for economic progress, competition as the supreme law of economics, and private ownership of the means of production as an absolute right that has no limits and carries no corresponding social obligation." (para 26). This is a serious indictment, and the prefatory note by the Rev. John F. Cronin does not succeed in taking the sting out of it by asserting that the described "individualistic system of capitalism ... involves a type of calloused exploitation which certainly is not descriptive of the prevailing business practices of the United States in 1967." Rather than speaking of exploitative capitalism in the poorer nations of the world as the Rev. Cronin alleges, in the passage cited, the Pope refers to the economic systems of the industrial nations. The statement reflects

the traditional Catholic view which considers the profit motive and competition in its effects on the weaker parties, and rejects Adam Smith's doctrine of the "invisible hand" whereby actions taken on the basis of selfish motivation ultimately benefit the entire society. At the same time, in view of the progress made in correcting the abuses of the capitalist system, the statement appears to be overly strong.

Planning in Developing Countries

5. As regards the developing countries, the Pope expresses the view that "individual initiative alone and the mere free play of competition could never assure successful development" and that "it pertains to the public authorities to choose, even to lay down the objectives to be pursued, the ends to be achieved, and the means for attaining these, and it is for them to stimulate all the forces engaged in this common activity" (para. 33). This statement has applicability to present-day developing countries that attempt to industrialize by substituting domestic production for imports. In these countries, industries have developed behind tariff walls but tariff setting proceeded in a more-or-less haphazard manner without the benefit of a set of priorities and guidelines. Planning can play an important role in such cases by providing a framework for the rational application of tariffs and other measures.

6. But, despite the proviso that the public authorities should "associate private initiative and intermediate bodies with this work" (para 33), the encyclical seems to underestimate the role that private enterprise can play in the development process. It would appear that, among countries which made the greatest progress in the last decade, those with a free enterprise system are in a majority (examples are Hong Kong, Singapore, and Taiwan). These countries followed a policy of export-oriented development and left to private initiative the choice of the direction of expansion.

Industry vs. agriculture

7. The encyclical declares that "the introduction of industry is a necessity for economic growth and human progress; it is also a sign of development and contributes to it." (para. 25). It is further argued that "raw materials produced by under-developed countries are subject to wide and sudden fluctuations in price, a state of affairs far removed from the progressively increasing value of industrial products" (para. 57). These statements reflect the view -- widely held about 5 - 10 years ago -- that industry should be favored at the expense of agriculture and primary production in general. It has since been realized, however, that without improvements in agriculture, the progress of industry will often be frustrated and that there is considerable scope for such improvements. At the same time, several authors have shown that the amplitude of fluctuations of export proceeds is not greater in the developing countries than in the industrial nations.

Effects of trade on developed and developing nations

8. The encyclical endorses the view propounded by Prebisch and others that international trade benefits the developed countries at the expense of the developing nations. It is suggested that the benefits of financial and technical aid would be "partially nullified as a consequence of the trade relations existing between rich and poor countries" (para. 56), so that "the poor nations remain ever poor while the rich ones become still richer" (para. 57). But the proponents of this view have never succeeded in substantiating it. There is no evidence that the terms-of-trade of the developing countries would have deteriorated over time; and in the absence of such a trend it cannot be argued that trade relations are detrimental to these countries.

9. At the same time, "the inequality of the contracting parties" which is assumed to lead to such a result, is relevant only in the event of a monopolistic situation which is rarely the case in the markets for primary products. This is not to say that commodity agreements might not be desirable in some cases, but these can have little scope in regard to products which have domestic substitutes in the industrial countries (e.g. fibers and rubber). Finally, there seems to be an overemphasis in the encyclical -- undoubtedly derived from the Augustinian idea of the "just price" -- on the need for regulating prices by common consent (para. 58, 61).

Aid to developing countries

10. The encyclical establishes the need for foreign aid on the grounds that "The same duty of solidarity that rests on individuals exists also for nations: 'Advanced nations have a very heavy obligation to help the developing peoples' (para. 48). It is added that the rich countries, too, would benefit thereby, since "excessive economic social and cultural inequalities among peoples arouse tensions and conflicts and are a danger to peace." (para. 76). These arguments have been frequently used in recent years and, while the first involves a value judgment, they will be accepted by most thoughtful people.

11. One can also welcome the emphasis on the need for the co-ordination of aid. For us at the Bank, it is a source of satisfaction to read the recommendations whereby part of the money now spent on armament should be used for aid (para. 51); bilateral aid should be fitted into a general framework (para. 52); the terms of lending to developing countries should be improved (para. 52); and, finally, "Guarantees could be given to those who provide the capital that it will be put to use according to an agreed plan and with a reasonable measure of efficiency ..." (para. 54). It is further of interest that the Pope looks to multilateral institutions for carrying out an important part of this work.

Regional integration

12. One can also agree with the suggestions made for regional integration among the developing countries. The benefits of regional integration

are noted at several places in the encyclical (para. 64, and 77) and this is considered to be a major avenue for progress in less developed areas. It is added, however, that regional integration may also lead to inequalities that should be corrected (para. 61).

Conclusion

13. The encyclical gives a welcome emphasis to the need for increasing aid to developing countries and for coordinating this aid. Most people will also agree with the recommendations for planning and regional integration in less developed areas. At the same time, I find the criticism of the private enterprise system somewhat exaggerated and the role assigned to private initiative in the development process overly narrow. Furthermore, the discussion of the advantages of industry over agriculture and the detrimental effects of trade for the developing countries reflects the outmoded ideas of a certain group of economists.

BBalassa:pan

cc: Mr. A. M. Kassarck

Mr. A. Stevenson

October 3, 1967

Bela Balassa

Lending criteria for the World Bank Group

It has taken more time to prepare the paper than I expected; hence this is only a preliminary draft. Nevertheless it can serve as a basis for discussion.

encl.
cc: Messrs. Adler, de Vries, King, Collier

October 3, 1967

Office of the Dean
Gilman Hall
Room 234
The Johns Hopkins University
Baltimore, Maryland

Dear Sir:

I accept with pleasure the kind invitation of the
Dean of the Faculty of Arts and Sciences to attend at tea
Sunday, October 15th, four to six o'clock, Garrett Room,
Milton S. Eisenhower Library, Homewood.

Yours sincerely,

Bela Balassa
Professor of Political Economy

Mr. A. M. Kamarek

October 3, 1967

Bela Balassa

Consultant arrangements

For your information, starting October 1st I plan to be at the Bank on a regular basis all day Mondays and Thursdays. On Tuesdays I will always be here in the mornings but not necessarily in the afternoons.

BBalassa:pan

cc: Messrs. Friedman, Stevenson.

cc: MISS SCAFIDAS - 207

MRS. ARMSTRONG

(MR. GELI)

Mr. A. M. Kamarek

October 3, 1967

Bela Balassa

Economic Growth, Trade and the
Balance of Payments in the Developing Countries,
1960-1965

Enclosed is a preliminary version of my study on the above subject. The paper has been prepared for distribution within the Bank and for submission, in revised form, to UNCTAD on the occasion of the New Delhi Conference.

Your comments on the paper will be greatly appreciated. It would facilitate the revision of the paper if comments were received by October 25th.

cc: Messrs. Kamarek, Friedman, Stevenson, Adler, de Vries, King,
Sacchetti, Kalmanoff, Collier, Halley, Maccone, Kochav,
Miss Lovany

October 3, 1967

The Hon. Mr. Anthony Solomon
Assistant Secretary of State for
Economic Affairs
U.S. Department of State
Washington, D.C.

Dear Mr. Solomon:

Several months ago at a dinner meeting, chaired by Secretary of Treasury, Henry H. Fowler, you spoke about the effects of the Common Market on American exports. You might be interested to find that, on the basis of a statistical investigation, I reached conclusions similar to yours. A copy of my paper is enclosed.

Yours very sincerely,

Bela Balassa
Adviser
Economics Department

Professor of Political Economy
Johns Hopkins University

P.S. I wonder if your secretary could send me a copy of your statement on preferences at the Joint Economic Committee of United States Congress.

September 28, 1967

Mr. Harry H. Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneve 10
Switzerland

Dear Harry:

We have just found the publication containing the Kennedy Round tariff cuts for Japan. It came separately from the others and it was apparently misplaced. All I need, therefore, is the U.S. data which I hope to get from Ted Gates.

It was good to see you again. Best regards to
Mildred,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa:pam

cc: Development Services Department

Mr. Isaiah Frank

September 29, 1967

Bela Balassa

Application for AID grants

I just learned that Ed Mills did not send you a copy of the grant application when he submitted it to AID three weeks ago. I am now enclosing a copy for your use. I asked Mills to send a copy to Dean Wilcox also.

As you will see, there are no substantial changes in the proposal as compared to the earlier draft.

BBalassa:pam

September 21, 1967

Mr. Erik Homb
Statistisk Sentralbyra
Central Bureau of Statistics of Norway
Oslo, Sweden

Dear Mr. Homb:

This is to thank you somewhat belatedly for sending me the list of codes used in the Norwegian input-output tables prior to 1959. We are in the process of preparing the computer program and the results on the relationships of production and exports as well as consumption and imports will be available in a few days.

With many thanks and best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 21, 1967

Mr. Frank Deastlov
Chairman
Graduate Economics Society
Room 501, Fayerweather Hall
Columbia University
New York, New York 10027

Dear Mr. Deastlov:

I will be happy to accept your invitation to address The Graduate Economics Society of Columbia University. I suggest, "Effective Tariffs, the Domestic Cost of Foreign Exchange, and the Equilibrium Exchange Rate" as the topic of my talk. This paper deals with several methods used in evaluating the comparative advantage in developing countries.

I plan to be in New York on November 9th and December 7th and I could give the seminar on either of these days. I would appreciate it, however, if the meeting could be scheduled for 3:00 p.m. since on both occasions I have to attend conferences starting at 5:00 p.m.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa:pam

cc: Mr. Peter B. Kenen

September 21, 1967

Professor P. Munthe
Department of Economics
Oslo University
Frederiksgate 3
Oslo, Norway

Dear Professor Munthe:

Please excuse the delayed answer to your letter of August 26th. I am glad to hear that Mr. Flå has started the calculations and I am looking forward to seeing the results. As to Mr. Haugness, I agree that we might wait until it becomes clear whether we would need him in some aspects of the work.

I have now received all material on input-output tables from Mr. Homb. We are in the process of preparing the computer program and the results on the relationships of production and exports as well as consumption and imports will be available in a few days.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 20, 1967

Professor Tibor Scitovsky
Organization for Economic
Co-operation and Development
91, boulevard Exemans
Paris 16^e, France

Dear Tibor:

I had planned to come to Mexico City in September but, due to the delays in the work of my Mexican collaborator, Gerardo Bueno, I had to postpone my visit until October. Unfortunately this does not make it possible for us to meet in Mexico City. I wonder, however, if there is a chance that you would stop in Washington on your way back to Paris.

Our project is progressing somewhat slower than expected but I still hope to have a meeting of the contributors immediately following the AEA Convention. We would very much like to have you attend our conference and I would appreciate it if you could let me know whether this will be possible.

Kindest regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa:pam

September 18, 1967

Mr. E. S. Kirschen
Universite Libre de Bruxelles
49, rue du Chatelain
Bruxelles 5, Belgium

Dear Etienne:

Thank you for your recent letter and for your interest in our project on the structure of protection in developing countries. I am sending you, under separate cover, the outline and methodology of the project. If all goes well, we will have a mimeographed version of the studies completed by June of next year. I will be glad to send you a copy.

I was interested to read of your trip to Budapest. Hopefully the conference of the Carnegie Foundation left you some time to look around in the city.

Is there any chance that you would come to the United States during the coming academic year. I will divide my time between the Johns Hopkins University of Baltimore and the International Bank and can be reached at either of the two places.

With sincere regards to you and my friends at
Dulbea.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 18, 1967

Miss Teresa Jeanneret
Universidad de Chile
Instituto de Economia
Casilla 3861
Santiago, Chile

Dear Teresa:

Thank you for the detailed report on the progress of your study. I understand that you are having difficulties with the special tariff regimes used in Chile and I agree that, as a first approximation, it would be useful to calculate effective tariffs without taking account of such regimes. On the other hand, I wonder if we should provide two or more effective tariff rates in cases where the weighting of nominal tariffs present problems. While in a few instances it may be necessary to calculate several effective rates, ultimately we need to average them for purposes of the final table. But the averaging can be done at a later stage and we will have the occasion to discuss this problem with reference to particular cases at the time of my visit to Chile. We could then also deal with the troublesome question of special regimes. Without having detailed information, it is difficult for me to give advice on them.

In turn, I would like to ask you to collect price information on all major commodities where prohibitive tariffs may exist since without them we cannot estimate the degree of protection actually utilized. Price comparisons are an important part of every country study, and it would be unfortunate if such comparisons were neglected in the study on Chile.

As regards the treatment of indirect taxes, the basic idea is to appraise the distortions in the conditions of competition due to tariffs and taxes for the domestic and the world market producer. While tariffs on the final product provide protection to the domestic producer, tariffs and taxes on the inputs have the opposite effect. You accept this for tariffs but not for indirect taxes. Yet, for the domestic producer, it makes no difference whether the cost of the inputs is raised by levying tariffs or taxes on them, since -- by assumption -- the world market producer does not pay either.

The crux of the matter is that the free trade value added corresponds to that in the most efficient country (the world market producer). This assumption permits us to make interindustry comparisons since we look at the combined effects of tariffs and taxes. At the same time, the exchange rate problem exists even if there are no indirect taxes since changes in tariffs would bring about a change in the rate of exchange. More generally, the equilibrium exchange rate is affected by tariffs as well as by indirect taxes.

Given that you expect to have the first set of calculations in November, I plan to come to Chile in the week of November 20th. This would leave you with five weeks before our meeting in the last days of December. Please let me know if the suggested date is convenient for you.

In answer to your question regarding Mario Corbo, I am afraid that our budget limitations do not permit us to finance the participation of another economist in the project. Needless to say we have no objections if you get help from somebody without financial compensation or if the Institute can provide you with further assistance.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Bela Balassa

September 15, 1967

A. Stevenson

Terms of Reference

You are authorized to proceed to Mexico City during the period October 16 to 21 to supervise and direct work carried out on the structure of protection in the developing countries project by Gerardo Bueno. You are also authorized to have discussions with economists and government officials who can be of assistance in this project.

EBalassa: pam

cc: Mr. J. H. Williams
Mr. George Kalmanoff
Mrs. Shirley Armstrong

Mr. R. R. Rhomberg

September 15, 1967

Bela Balassa

Supply Elasticities in Agriculture

Here are some items on supply elasticities in agriculture which we talked about at our last meeting.

Bateman, Merrill J. "Aggregate and Regional Supply Functions for Ghanaian cocoa, 1946-1962", Journal of Farm Economics, Vol. 47, No. 2, May 1965

Behrmann, J.R. "The Price Elasticity of the Marketed Surplus of a Subsistence Coop," Journal of Farm Economics, November, 1966

Behrmann, J.R. "Supply Response in Underdeveloped Agriculture: A Case Study of Four Major Annual Crops in Thailand, 1937-1967", unpublished Ph.D. dissertation, MIT, 1966

Dean, Edwin R. "Economic Analysis and African Responses to Prices", Journal of Farm Economics, Vol. 47, No. 3, August 1965.

Welsch, Delane, E. "Response to Economic Incentive by Abakaliki Rice Farmers in Eastern Nigeria", Journal of Farm Economics, Vol. 47, No. 4, November 1965

Mangahas, M. Recto, Aida E. Ruttan, V. W., Price and Market Relationships for Rice and Corn in the Philippines, Journal of Farm Economics, Vol. 48, No. 3, August 1966.

BBalassa:pam

2500 Que Street N.W.
Washington, D.C. 20007

September 15, 1967

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

Chere Madame,

Ma femme, Carol Balassa, m'a parle de sa rencontre avec vous a Paris. Elle m'a indique qu'il vous servait pas possible d'expedier des livres aux Etats Unis. Veuillez trouver ci-enclos une liste des livres que je voudrais acheter. Des que votre reponse arrive, je vous enverrai un cheque sur mon compte au Credit Lyonnais de la somme indique par vous. Comme j'ai un compte etranger convertible, je crois que je pourrais obtenir une reduction de 10 pour cent.

En attendant votre reponse, je vous prie d'agreer, chere Madame, l'expression de ma parfaite consideration.

Bela Balassa

September 15, 1967

Syracuse University Press
Syracuse, N.Y.

Dear Sirs:

I would appreciate your sending me the following
book -

Arndt, H.S., West Germany, Politics of Non-Planning \$3.95

Yours sincerely,

Bela Balassa
Professor of Political Economy

September 15, 1967

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

Dear Gerardo:

I understand from your letter of August 31 that the calculations on effective tariffs will not be completed before October 15th and you would like me to come on or around that date. This would fit into my plans and I could arrive in Mexico City on October 17th for a stay of several days.

I wish to add that, should there be any further delay in the calculations, it would not be possible for me to come during the last week of October. But, given my tight schedule, I very much hope that another postponement of my visit will not be necessary.

With best regards,

Sincerely,

Bela Balassa
Adviser
Economics Department

September 15, 1967

Mr. K. Miertschischk
The Soviet System and Democratic Society
Verlag Herder,
7800 Freiburg, Germany,
Hermann-Herder-Strasse 1,

Dear Mr. Miertschischk:

As requested in your letter of August 29th, I
am enclosing herewith a signed copy of the contract
regarding the composition of the article "The Theory of
Economic Integration".

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 15, 1967

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

Dear Sirs:

Please send me the following:

M. M. Postan, "An Economic History of Western Europe 1945-1964,"	-- paperback 21s
H.G. Johnson, "Essays in Monetary Economics	-- paperback 25s
Calleo, Europe's Future: The Grand Alternatives	-- 30s

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 14, 1967

Professor Edwin Mills
Chairman
Department of Political Economy
The Johns Hopkins University
Baltimore, Maryland

Dear Ed:

Enclosed is the statement by Alexander on the number of hours worked on the index of my book. He has done a good job and I would appreciate it if, within the constraint of \$200 and the limits for third-year graduate students, you could calculate his remuneration at a high hourly rate.

Yours sincerely,

encl.

Bela Balassa
Professor of Political Economy

Mr. I. S. Friedman

September 13, 1967

Bela Balassa

A Review of the World Bank Lending Policy

Enclosed are some suggestions for a review of Bank lending policy.

BBalassa:pam

September 13, 1967

M. Jean Benard
Professeur de l'Universite de Poitiers
42, bd Richard Lenoir
Paris, France

Mon cher ami,

Je m'excuse de n'avoir pas repondu a votre lettre plus
tot mais j'ai eu de nouveau quelques ennuis avec mon dos qui
m'ont empeche de m'occuper de ma correspondance.

Je viens d'appeler Janosi qui m'a confirme, ce qui
etait d'ailleurs mon impression apres avoir lu sa lettre, que
vos chances a beneficier d'une bourse de la Foundation Ford
sont excellentes. Votre demand n'interfere pas avec les
projets de la Fondation, plutot elle va en leur sens. D'autre
part, on doit accepter les lenteurs bureaucratiques de la
Fondation.

En esperant que la decision sera vite prise, je vous
prie.

Bela Balassa

September 13, 1967

Le Monde
5, rue des Italiens
Paris, 9e, France

Monsieur,

Veuillez trouver ci-inclus un cheque de \$14.30
pour assurer la continuation de notre abonnement au Monde
hebdomadaire.

Je vous prie d'agreur, Monsieur, l'expression
de ma parfaite consideration.

Bela Balassa

Mr. A. Stevenson

September 11, 1967

Bela Balassa

Invitation to discussions of American
foreign trade policy

I received the enclosed invitation to participate in a high level discussion group, directed by W. Michael Blumenthal, a former U.S. negotiator in Geneva, on trade policy. This discussion group will include key Government officials as well as leading academic specialists, businessmen and bankers. At the meetings, considerable emphasis will be given to trade with developing countries.

As is customary at the Council on Foreign Relations which organizes the meetings, no remuneration or travel expenses are paid to the contributors. Since I do not have other sources of financing, I wonder if the Bank might be willing to assume my travel expenses which would amount to about \$400 spread over a period of eight months. Given the Bank's interest in the trade problems of the developing countries, it may benefit from confidential reports prepared on the basis of the discussions.

BBalassa:pam

Mr. Alexander Stevenson

September 11, 1967

Bela Balassa

Trip to Chile and Mexico

I planned to spend the last two weeks of September in Chile and Mexico to supervise work done by my collaborators in the Structure of Protection in Less Developed Countries project.

About a week ago the Mexican contributor informed me that the calculations which would have served as a subject for a discussion would not be completed before October and asked me to postpone my visit. Subsequently, I called the Chilean contributor who advised me that she will not be ready with her calculations until November. Accordingly, I had to postpone my trip and, subject to your approval, now plan to go to Mexico in October and to Chile in November.

BBalassa:pam

cc: Mr. J. H. Williams
Mr. George Kalmanoff
Mrs. Armstrong

September 7, 1967

Miss Anne Zammit
Centre de Planeomicuto
Facultad de Ciencias Fisicas e Matematicas
Universidad de Chile
Santiago, Chile

Dear Anne:

This is a semi official letter to tell you that I talked to Mr. Harold E. Dyer, who is the Personnel Officer at the Bank. Mr. Dyer indicated that the Bank would be glad to consider an application from you. There is an opening in the Western Hemisphere Department for a general economist which may be of interest to you. I presume that you have already sent in your curriculum vitae; upon receipt of this he will get in touch with you.

My plans for going to Latin America have unfortunately changed. My Mexican contributor informed me that he will not complete his calculations before October and asked me to postpone my trip until that time. Fearing that the situation might be the same in Chile, I called Teresa, who told me that she would not be ready before November. This being the case, I cannot undertake the trip at the present time.

Please tell me about your plans and let me know if you are still interested in joining the Bank.

Yours sincerely,

Bela Balassa

September 6, 1967

Miss Teresa Jeanneret
Universidad de Chile
Instituto de Economia
Casilla 3861
Santiago, Chile

Dear Teresa:

While I had some difficulties hearing you on the telephone, from what you said it would appear that your work has not advanced to the point where my visit would be worthwhile. Our original understanding was that the calculations of effective tariffs would be completed in September and we could at that time discuss the results. It seems now, however, that the calculations will not be ready until November.

The purpose of my coming to Santiago is to help you with your work. I wonder if this cannot best be done at the time when you at least have the preliminary results so that we can discuss these and I can suggest certain modifications. I should then perhaps come in November instead of September. Please let me have your thoughts about this by airmail special delivery letter so that I can accordingly schedule my trip.

I wish to add that I am rather chagrined because of the delay in completing the calculations. The other studies are progressing well and the authors will have a first draft of their paper completed by early December. You will recall that we plan to have a meeting in the last days of December where the contributors would present their papers. I very much hope that you will be able to meet this deadline since otherwise the completion of the entire project may be jeopardized.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 6, 1967

Mr. Peter de Janosi
The Ford Foundation
477 Madison Avenue
New York, N. Y.

Dear Peter:

Enclosed is Pascal Salin's letter you
requested. Salin's telephone number in Paris is
LIT 88-86.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 6, 1967

Magyar Nemzeti Bank
Ibusz BC. számla
Budapest, Hungary

Dear Sir:

Enclosed is a cheque for \$100 to be credited to
the account of

Mrs. Morelli Kalmanne
(Veres Pálné u. 7, Budapest V)

This amount is to be used for foreign travel.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

September 6, 1967

Mr. Joseph P. Rumberger, Jr.,
Director of Personnel Services
The Johns Hopkins University
Baltimore, Maryland 21218

Dear Mr. Rumberger:

Thank you for your letter of August 31st. I am enclosing herewith the completed medical and life insurance forms. As indicated earlier, my participation in both the medical and life insurance programs should start October 1st.

Yours sincerely,

Bela Balassa
Professor of Political Economy

September 6, 1967

Miss Ingemar Nilson
Svenskt Glas
Birger Jarlgatan 8
Stockholm C, Sweden

Dear Miss Nilson:

In response to your letter of August 30th, I am enclosing a cheque for \$49.99 to pay for the balance on your bills, No. 021042 and 021025.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

September 6, 1967

Mr. Charles A. Fricke
Hayden, Stone Incorporated
One Wall Street
New York, N. Y. 10005

Dear Mr. Fricke:

Thank you for your recent note. The number of my IBM shares has, in the meantime, been corrected to 11. No correction has been made, however, for the double confirmation of the sale of Philadelphia Electric.

There are also some further errors in the August statements. In the Joint Account a holding of 100 shares of Alcon Laboratories is indicated in the margin account while we are debited with 100 shares of this security in the special cash account. Moreover, the \$125 paid to Wesley, Wolcott should have been debited to the Joint Account rather than to the Single Account.

But my chief complaint is that, despite my request to the contrary, the credit balances shown in the special cash accounts of both the Joint and the Single Accounts have not been transferred to the respective margin accounts. May I ask you to have this done retroactively so that I do not incur additional interest charges on margin borrowed.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 31, 1967

Mr. Rabel
Alexander's Rent-a-Car
405 East 65th Street
New York City, N. Y.

Dear Mr. Rabel:

This is to confirm the telephone conversation my guest, Mr. Eric Bernard, had with you this morning. The purpose of the conversation was to clarify the mileage charge to be paid over the first 2,000 miles provided free on the Plymouth Barracuda which Mr. Bernard rented from you. The number of the rental agreement is 591987 dated August 8, 1967.

In reply to our question you indicated that for rentals of over one week the charge is five cents a mile. Since Mr. Bernard's rental will be for a period of about five weeks, the above rate applies in his case. This was the information I received earlier in a letter prior to the rental as well as at the time when the conditions of the rental were discussed. The reason for our telephone inquiry was that the mileage charge is not shown on the rental agreement.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

August 29, 1967

Mr. Harry H. Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneve 10
Switzerland

Dear Harry:

I have now received all the material relating to the tariff reductions undertaken in the Kennedy Round. In some cases, two different reports have been sent; on the basis of a cursory inspection, my impression is that the GATT documents is generally less comprehensive than the other.

I am again down with my back but as soon as I get back to the office, I will have work started on the effects of the Kennedy Round. Because of various problems with the data, it is not possible to do so in my absence.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa:pam

August 29, 1967

Miss Teresa Jeanneret
Universidad de Chile
Instituto de Economia
Castilla 3861
Santiago, Chile

Dear Teresa:

The dates of my trip to Santiago have now been fixed. I will arrive there on Monday, September 18th in the early afternoon from New York, but since I will be travelling the previous night, it is better if we meet Tuesday morning.

Please let me know at the Hilton Carrera Hotel where and when I could see you. As indicated earlier, I expect to stay until the end of the week.

Looking forward to seeing you, I remain

Yours sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

My back trouble has been acting up again but I hope that it will be over by mid September. Should this not be the case, I will inform you in time.

August 29, 1967

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

Dear Gerardo:

The dates for my trip to Mexico City have now been fixed. I will be arriving Tuesday, September 26th in the early morning hours and expect to stay until the end of the week. It might be convenient for us to meet for lunch on the day of my arrival. Please leave a note at the Maria Isabella Hotel as to when and where I could meet you. Perhaps the restaurant in the Alameda Hotel would be a good place.

Looking forward to meeting you, I remain,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

P.S.

My back trouble has been acting up again but I hope that it will be over by mid September. Should this not be the case, I will inform you in time.

2500 Que Street N.W.
Washington, D.C. 20007

August 25, 1967

Svenskt Glas
Swedish Art Glass
Birger Jarlgatan 8
Stockholm, Sweden

Dear Sir:

Thank you for your letter of August 18th. In addition to the items ordered on August 14th, I wish to order 8 liqueur glasses from your D3624 "Segel" pattern. The liqueur glasses are marked number 8 on your list with a price of \$2.37.

I wish further to buy four additional small tumblers from your L 2063 series.

Please send me your invoice on these items so that I can pay it with the amount I presently owe you.

Yours sincerely,

Bela Balassa

P.S.

The gift parcels should be mailed at intervals of several days.

August 25, 1967

Mr. Joseph P. Rumberger, Jr.
Director of Personnel Services
The Johns Hopkins University
Office of the Director of Personnel Services
Baltimore, Maryland 21218

Dear Mr. Rumberger:

Thank you for your letter of August 4th informing me of the various personnel benefit plans available at the University.

I wish to join the pension plan as of July 1st, 1967 when I became a member of the Hopkins Faculty. Please inform the Controller to make the appropriate deductions.

My Group Life Insurance Policy and Medical Care Plan (Blue Cross, Blue Shield and Major Medical) at the World Bank provide benefits until September 30, 1967. I wish, therefore, to join the University's life insurance and medical care plans as of October 1st. I am told that in the case of Blue Cross and Blue Shield, a simple transfer can be made from the Bank to the University; thus, there will be no need for a medical examination.

As regards Group Life Insurance, I wish also to purchase the supplemental coverage indicated in your folder. Please let me know what the monthly cost of this insurance is.

Yours very truly,

Bela Balassa
Professor of Political Economy

August 25, 1967

Mrs. Angela Lavarello
The Johns Hopkins University
Department of Political Economy
Baltimore, Maryland 21218

Dear Mrs. Lavarello:

Enclosed are my reading lists for the Fall Semester of International Economics 341 and 641. Please type these on stencil and run off 20 copies of each.

One copy should be sent to the library so that they can place the books for the courses on reserve. The remainder should be put in my office.

Yours sincerely,

Bela Balassa
Professor of Political Economy

August 25, 1967

Mrs. L. Bowen-Powis
Accounts Section
H.M. Stationery Office
P.O. Box 569
London, S.E. 1

Dear Mrs. Bowen-Powis:

In response to your letter of July 28th, I am enclosing a cheque for \$2.10 to pay for my debit balance on Deposit Account F 59164.

Yours sincerely,

Bela Balassa
Adviser
Economics Department



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - August through November 1967		Barcode No. 30280544		
Document Date August 25, 1967	Document Type Memorandum			
Correspondents / Participants From: Bela Balassa To: Credit Lyonnais				
Subject / Title Account				
Exception(s) Financial Information iv				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 28, 2022</td></tr></table>	Withdrawn by Ann May	Date September 28, 2022
Withdrawn by Ann May	Date September 28, 2022			

August 25, 1967

Mr. Erik Homb
Statistisk Sentralbyra
Central Bureau of Statistics of Norway
Oslo, Sweden

Dear Mr. Homb:

Many thanks for sending me the list of the sector codes used in the Norwegian national accounts. But since the sector codes refer to the classification system used since 1959, I would like to ask you to provide me with a list indicating the relationship between the old and the new sector classification. According to your note on "Survey of Plans of National Accounts in Norway", Annex V provides such information.

With many thanks and best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 24, 1967

Mr. Theodore Gates
Office of the Special Representative for
Trade Negotiation
1800 G Street N.W.,
Room 727
Washington, D.C.

Dear Ted:

It was good to see you again and I very much enjoyed our conversation yesterday. As promised, I am enclosing a copy of the UNCTAD paper on the effects of protection in the developed countries on the exports of processed goods from less developed areas. Enclosed is also a copy of the outline and methodology of the project I am directing on the Structure of Protection in developing countries.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 23, 1967

Dr. Helmut W. Jenkins
3 Hannover
Leibnizufer 19
Germany

Dear Dr. Jenkins:

Thank you for your letter of July 31st and for sending me your comments on chapter 12 of my book, The Theory of Economic Integration.

There is no disagreement between us as to the need for separately considering the monetary implications of a customs union during and after its establishment. At the same time I doubt that monetary measures should be taken pari passu with tariff reductions; in fact, it may be helpful to postpone monetary integration until the effects of tariff reductions are evident.

There seems to have been some misunderstanding concerning my description of the regional adjustment process. This was meant only to serve as an introduction to the analysis of the adjustment process in a union; regional policy is discussed elsewhere in chapter 9.

Finally, in chapter 11 I indicate that monetary policy by itself would not be satisfactory to deal with cyclical problems; rather, a combination of monetary and fiscal policies are needed.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

August 23, 1967

Professor Alex F. McCalla
Department of Agricultural Economics
University of California, Davis
Davis, California 95616

Dear Professor McCalla:

Many thanks for sending me your "A Duopoly
Model of World Wheat Pricing". I find the article to
be of considerable interest and I believe that it
correctly describes the situation in the world wheat market.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 23, 1967

Professor Noel J. J. Farley
Department of Economics
Goucher College
Towson
Baltimore, Maryland 21204

Dear Noel:

Thank you for your letter of August 8th. Could I perhaps give you a call at the College or at home to agree on a date for my visit to Goucher?

I will be at Hopkins on Wednesdays and Fridays starting October 1st and I could come to talk to your students on either of these days in October or November.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 23, 1967

Mr. Erik Homb
Statistisk Sentralbyra
Central Bureau of Statistics of Norway
Oslo, Sweden

Dear Mr. Homb:

Many thanks for sending me the input-output tables mentioned in your letter of August 17th. All tables arrived safely including the table with the BTN commodity numbers corresponding to the industrial categories. I look forward to receiving the stencilled list containing the sector codes.

Please accept my sincere thanks for taking the trouble to send these tables to us. They are very important in our work and we greatly appreciate your cooperation in this matter.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa:pam

cc: Professor Munthe

August 23, 1967

Professor Peter Robson
University of East Africa
University College Nairobi
P.O. Box 30197
Nairobi
Kenya

Dear Professor Robson:

I have now had the opportunity to look at the material on the East African Common Market which you kindly sent me last week. The material, including your introductory paper, is very interesting and it provides an outline of some of the major problems facing the East African countries.

I am afraid, however, that this material does not enable me to give a detailed evaluation of some aspects of the Treaty on the East African Common Market. The writing of a paper would require considerable research which I am presently not able to undertake. Correspondingly, with great regret I have to decline your invitation to contribute to the Symposium. I am sorry to do so but other obligations do not permit me to complete the research necessary for the writing of an article in time for your special issue.

Yours sincerely,

Bela Balassa
Adviser

Economics Department

BBalassa:pam

August 23, 1967

Mr. John S. Hoghland,
Collections Department
Washington Hospital Center
110 Irving Street, N.W.
Washington, D.C. 20010

Dear Mr. Hoghland:

Re: Patient No. 444769

Thank you for your letter of August 11th and for sending me duplicates of my hospital bills. I have compared these bills with the original which was made out on December 24, 1966, and found a discrepancy of \$17.50.

According to the original bill, the total charge was \$579.10 while my payment amounted to \$106.87. This gives a balance of \$472.23 rather than the \$489.73 which is indicated on the March 8, 1967 statement. Since my Group Insurance Plan reimbursed me for \$456.85, I still owe \$15.38 rather than \$32.88 indicated on your March 31st statement. A check for the amount due is enclosed.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 22, 1967

Mrs. Anne C. Ambrose
Manuscript Editor
The Johns Hopkins Press
Baltimore, Maryland 21218

Dear Mrs. Ambrose:

Enclosed is the remainder of the page proofs. Please note that at the request of the author in four different places in Chapter 9 we broke paragraphs into two. I have carefully checked that these changes do not make the pages longer than the facing page.

In the Methodological Appendices the Greek letter "eta" was still missing at one or two points. Please check with the printer. Finally, the page headings of the Methodological Appendices were incorrect in almost all cases. This has also been corrected.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Bela Balassa

August 18, 1967

A. Stevenson

Terms of Reference

You are authorized to proceed to Santiago, Chile and subsequently to Mexico City during the period September 15 to 29 to supervise and direct work carried out on the structure of protection in the developing countries project by Teresa Jeanneret and Gerardo Buene. You are also authorized to have discussions with economists and government officials who can be of assistance in this project.

BBalassa:pam

cc: Mr. J. H. Williams
Mr. George Kalmanoff
Mrs. Armstrong

August 17, 1967

Mrs. Anne C. Ambrose
Manuscript Editor
The Johns Hopkins Press
Baltimore, Maryland, 21218

Dear Mrs. Ambrose:

I am returning herewith the page proofs and
the corresponding galleys up to page 260. The remainder
will be sent to you next Tuesday, August 22nd.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 17, 1967

Miss Betty Barron
The London School of Economics and Political Science
Houghton Street
Aldwych
London, W.C. 2, England

Dear Miss Barron:

Enclosed are the corrected proofs and an order for 50 reprints with covers. This is in addition to the 25 reprints I am to receive free.

Please note that on the first page of the galleys the explanation of the symbols was deleted. I have restored this because otherwise the reader would not understand the formula. I have also added the missing footnote on the same page.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 15, 1967

Dear Mr. Kopits:

Thank you for sending me the book on The Hungarian Revolution in Perspective, which contains your contribution on "The Economic Causes of the Hungarian Revolt".

I have considerable doubts concerning the usefulness and the value of the book. The basic premise is incorrect. Thus, I disagree with Father Wagner that the overwhelming majority of literature on the Hungarian revolution "reflects wishful thinking attitude in order to prove certain preset goals." At the same time, I do not believe that the contributors have given a "critical exposition of those historic days" and have materially contributed to the discussion.

The papers pertaining to Communist China and West Africa are rather uninteresting and neither are they relevant to an evaluation of the Hungarian revolution. The Madariaga article is interesting but he has said the same thing several times before. The Gogolak piece is quite good but he does not live up to the promises of the title. Your own contribution is fine although it does not present new evidence.

I think that the best part of the book is the bibliography which should be used by scholars interested in the Hungarian revolution. A definitive work on the Hungarian revolution is still to be written.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. George Kopits
Georgetown University
Department of Economics
Washington, D. C. 20007

August 15, 1967

Professor P. Munthe
Department of Economics
Oslo University
Frederiksgate 3
Oslo, Norway

Dear Professor Munthe:

Many thanks for your letter of August 10th. In the meantime I have been informed by Mr. Homb that the work requested from him is being done.

As regards the calculation of tariff averages, I can hardly estimate the amount of work involved. May I suggest, therefore, that you agree with Mr. Flo that he undertakes this work for a compensation calculated on an hourly basis. He should provide us with an approximate estimate of the amount of time needed to carry out the work and his hourly fee should be set according to Norwegian standards.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

As I noted in my conversation with you, we would also like to have Mr. Haugnass act as a consultant to the Norwegian Study. Could you please indicate what you consider to be an appropriate fee for him.

cc: Mr. A. Stevenson

August 15, 1967

Mr. Peter de Janosi
The Ford Foundation
477 Madison Avenue
New York, N. Y.

Dear Peter:

Sorry for the delay in answering your letter of July 24th. I have now written to Salin concerning your interest in the activities of his Seminaire. A copy of the letter is enclosed.

Laci tells me that you will be in London for several months. I hope that you will have a pleasant time.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 15, 1967

Professor M. A. Adelman
Department of Economics
Massachusetts Institute of Technology
Cambridge, Mass. 02139

Dear Professor Adelman:

I read with great interest and enjoyment your paper on the security of European fuel supply. No economist could argue with your conclusions and one only wishes that governments took account of them in making decisions on energy policies. As things stand, I am afraid that the recent crises will further lengthen the life of the European coal industry.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 15, 1967

Professor M. Bronfenbrenner
Carnegie Institute of Technology
Pittsburgh, Pennsylvania

Dear Professor Bronfenbrenner:

Many thanks for sending me the reprint I requested and the two additional papers. Earlier I read your AER article and I agree with its major conclusions. I am looking forward to reading the other two papers.

Yours very truly,

Bela Balassa
Adviser
Economics Department

August 15, 1967

M. Pascal Salin
48, rue d'Assas
Paris 6^e, France

Dear M. Salin:

I am sorry to have missed you during my visit to Paris and I was glad to receive your report on "Development and Activities of the Seminaire Jean-Baptiste Say".

You may know that the Ford Foundation is preparing a survey on the state of European teaching and research in the social sciences. Mr. Peter de Janosi will be in Europe for several months to direct this enterprise. He expressed an interest to meet you and will contact you in due course. I earlier sent him your report on the activities of the Seminaire.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 14, 1967

Mr. Martin Kessler
Senior Editor
Challenge
475 Fifth Avenue
New York, N. Y. 10017

Dear Mr. Kessler:

Enclosed is the paper on "U. S. Policies Towards
the Common Market" which you requested. Should editorial
changes become necessary, I would appreciate it if you would
send me the edited version before the article goes to the
printer.

Yours sincerely,

Bela Balassa
Adviser
Economics Department



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - August through November 1967		Barcode No. 30280544		
Document Date August 14, 1967	Document Type Memorandum			
Correspondents / Participants From: Bela Balassa To: Charles Fricke				
Subject / Title Account				
Exception(s) Financial Information iv				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 28, 2022</td></tr></table>	Withdrawn by Ann May	Date September 28, 2022
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2500 Que Street N.W.
Washington, D.C. 20007

August 14, 1967

Svenskt Glas
Swedish Art Glass
Birger Jarlgatan 8
Stockholm, Sweden

Dear Sir:

In 1965 and 1966 I bought a set of liquor, wine and water glasses from you. I would like now to complete this set and wish to order the following:

Orrefors series

4 sherry glasses	DA 3624/3
3 white wine glasses	DA 3624/4
5 red wine glasses	DA 3624/5

2063 series

3 small tumblers	2063/8
3 medium tumblers	2063/4
3 large tumblers	2063/13
3 highballs	2063/14A
3 old fashioned	2063/35

I am enclosing a check for \$60.00 so that you can start the shipment of the glasses. Please send these in gift parcels under \$10.00 to my home address. I will appreciate receiving the 10% discount I was given earlier.

Please also send a description of the codial glasses, preferably with pictures.

With best regards,

Yours sincerely,

Bela Balassa

August 14, 1967

Mr. Robert E. McDonald
Vice President
Foreign Policy Association
345 East 46th Street
New York, N. Y. 10017

Dear Mr. McDonald:

Thank you for the invitation to participate at a seminar held in conjunction with the Annual World Trade Conference in Buffalo. I am sorry to say that due to other obligations, I will not be able to attend.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 14, 1967

Mr. Harry H. Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland

Dear Harry:

You might have seen Mr. Kamarck's answer to the letter from Mr. Prebisch concerning the revision of my paper on the Structure of Protection. I would expect to start working on the revision within a few weeks and would appreciate it if you could send me all the material available to UNCTAD that can be used in determining changes in tariffs. Could you also use your direct contacts with GATT to obtain the relevant material from them even if it is not mimeographed as yet?

I have just received a note from Tsukudu; both the methodology and the results look fine to me.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Andrew M. Kamarck

August 9, 1967

Bela Balassa

Disclaimer in Journal Article

At the suggestion of Harry Johnson, Economica plans to publish a portion of my paper on the effects of the industrial countries' tariff structure on the exports of developing countries. Please advise whether the disclaimer shown on the title page of the enclosed paper is acceptable.

BBalassa/pam

DECLASSIFIED

OCT 04 2022

WBG ARCHIVES

August 8, 1967

Private and Confidential

Mr. Alfred Parmelee
Westley Woolcot & Co., Inc.,
59 East 54th Street
New York, N. Y. 10022

Dear Fred:

It was good to see you last Friday and I very much hope that all your plans will work out.

I have now prepared security lists for our joint account and my single account. You will see that in some instances the separation of the two accounts in your lists was not correct.

I will call you in a day or two.

Sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 8, 1967

Professor William G. Andrews
Department of Political Science
State University College at Brockport
Brockport, New York 14420

Dear Professor Andrews:

It appears that I did misread the dates suggested in your letter; apparently I do not think as far ahead as September 1968.

Since September 7, 1968 is a Saturday and the 8th a Sunday, both dates are perfectly fine with me. Incidentally, on the weekend there is no opportunity cost involved.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor of Political Economy
The Johns Hopkins University

August 8, 1967

Professor William G. Andrews
Department of Political Science
State University College at Brockport
Brockport, New York 14420

Dear Professor Andrews:

It appears that I did indeed misread the dates suggested in your letter, but apparently I do not think as far ahead as September 1968.

With this in mind, since September 7, 1968 is a Saturday and the 8th a Sunday, both dates are perfectly fine with me. Incidentally, on the weekend there is no opportunity cost involved.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor of Political Economy
The Johns Hopkins University

Mr. A. E. Tiemann

August 7, 1967

Bela Balassa

Revision of IBRD Primary Commodity Index

With reference to your memorandum on the above subject dated July 31st, I am enclosing a copy of an earlier note I wrote to Mr. Kamarek on May 5th. In this note I raised some questions concerning the inclusion in the IBRD price index of commodities where reliable price observations are not available.

encl.

cc: Mr. B. B. King

Mr. B. B. King

August 7, 1967

Bela Balassa

The Mechanics of Growth and Debt

1. I have just read the revised version of your paper. I find it excellent in its present form and think that it would make a good addition to the Bank's series of Occasional Papers. The comments given below pertain chiefly to matters of exposition and presentation.

Introduction

2. While I like the quotation preceding it, the introduction fails to tell the reader what you propose to do in the paper. It would be useful to indicate its place in the literature on the subject and its contribution to the discussion. To this end, you may state at the outset that you are working in the framework of the Harrod-Domar model and that you bring certain qualifications and extensions to it.

3. It would be useful to emphasize in the introduction that most writers give little attention to the choice between national and domestic savings models. Some use these interchangeably; others opt for the domestic savings model without realizing its possible implications. In the paper, you show some important differences between the two models and suggest a choice between them.

4. At the same time, you extend the Harrod-Domar model by taking account of direct as well as indirect additions to national income in the recipient country. In the conventional analysis, the difference between the rate of return on new investment and the rate of interest on loans is taken to represent the annual increment to GNP due to the inflow of foreign capital. This is what you call the "direct" addition to GNP. But you remove the conventional assumption that the entire increment in national income due to foreign investment is consumed and calculate "indirect" additions to GNP by assuming that the marginal propensity to save applies to this income also and that savings from such increments are fully re-invested. This assumption should be stated at the outset since it is the lynchpin of your argument.

II The Accumulation Function

5. This section is fine and my suggestions relate to the explanation of second and third generation functions only. On p. 4 it would be useful to replace the example by the earlier one when an investment grows at a constant annual rate and it brings a constant rate of interest. You could also give an example for the third generation function by referring to ROJ in the next chapter.

6. The example on pp. 7-8 is rather unclear. Here again it may be useful to take the case of an investment growing at a constant rate. Finally, I do not like the idea that the subscript n is dropped in some cases but not in others. Could you not drop it altogether and say that no subscript means n ?

III Savings Models

7. This is a very good chapter but I would put the subsection on "Further complications" to the end of the paper. In this way, you could proceed directly from the discussion of the formulas to the examples of Section IV. The final section could then point to further applications of the analysis.

IV Comparison of Models

8. The examples are very useful for the reader to understand the differences between the two models; so in the discussion of how these differences arise. It would be appropriate, however, to give more emphasis to the distinction between the direct and the indirect contribution of foreign capital in the text, and to indicate at an early stage that under the assumptions of the model the first remains positive throughout while the second may be positive as well as negative. The exposition on pp. 12-15 may also be improved. A small point: I do not think that the case where the intrinsic rate of growth of the economy is higher than both the rate of growth of the capital inflow and the interest rate should be considered "uninteresting". It will be relevant to national economies that have passed the take-off stage.

V Conclusion

9. As I earlier suggested, the "further complications" should come at the end of the paper. You could include here suggestions for additional applications that were listed on p. 2 of my memo dated January 16, 1967. Moreover, it would be useful to introduce the possibility that the marginal productivity of capital (the inverse of the marginal capital-output ratio) is less than the rate of interest. In such an event, the direct contribution of foreign capital would become negative in both models.

BBalassa:pam

cc: Mr. A. M. Kamarek



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August 7, 1967

Mrs. Anne C. Ambrose
Manuscript Editor
The Johns Hopkins Press
Baltimore, Maryland 21218

Dear Mrs. Ambrose:

This is to confirm my original offprint order.
Please send 50 offprints to each contributor and bill
me for the entire order.

According to the production schedule of the
book, I was to receive page proofs between August 1st
and 8th. Thus far I have not received any. Would you
please let me know when I can expect to have these.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Professor R. J. Wonnacott
Department of Economics
The University of Western Ontario
Faculty of Arts and Science
London, Ontario
Canada

Dear Ron:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 1967.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a cheque for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Dr. Sidney J. Wells
Royal College of Advanced Technology
Salford 5
Lancashire, England

Dear Sidney:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Mr. J. M. Finger
Assistant Professor of Economics
Department of Economics and
Business Administration
Duke University
Durham, North Carolina

Dear Mr. Finger:

Thank you for your letter of August 2nd which apparently crossed mine of August 1st. I see now that I have not sent you the standardized input-output table. A copy of this is enclosed.

I would be glad to see you when you come to Washington next week. Please give me a call when you arrive. We can at that time discuss what further information you would need on the calculation of effective tariffs.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 7, 1967

Professor Staffan B. Linder
The Stockholm School of Economics
Handelshogskolan 1 Stockholm
Sveavagen 65
Stockholm VA, Sweden

Dear Staffan:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Professor Mordechai Kreinin
Michigan State University
Department of Economics
East Lansing, Michigan

Dear Mordechai:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Professor Kiyoshi Kojima
Hitotsubashi University
Kunitachi, Tokyo

Dear Kiyoshi:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter).

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Mr. William B. Kelly, Jr.
c/o Begnoche
6056 Munson Hill Road
Falls Church, Virginia 22044

Dear Bill:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Professor D.G.M. Dosser
Department of Economics
University of York
Heslington, York
England

Dear Douglas:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 7, 1967

Professor Hartog
Margrietlaan 1
Haren Groningen
Netherlands

Dear Professor Hartog:

Thank you for returning the galley proofs with your corrections. We have transcribed these onto the galleys that were returned to the printer. The book is proceeding on schedule and the expected publication date is December 19th.

I wrote to you earlier concerning the number of offprints. Since the majority requested 25 additional copies, I have ordered 50 for each of you. (It is a requirement on the part of the publisher to have the same number of offprints ordered of each chapter). I wish to ask you, therefore, to send me a check for \$6.25 to pay for the additional copies.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 2, 1967

Mr. Andrew E. Rice
Executive Secretary
Society for International Development
1346 Connecticut Avenue, N.W.
Washington, D. C.

Dear Mr. Rice:

I sent you earlier my paper on "The Impact of Regional Groupings in Industrial Areas on the Economic Integration of Developing Countries". Please add the following sentence to the footnote on page 1, "The views expressed are his own."

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 2, 1967

Professor Peter Robson
Editor, East African Economic Review
University of East Africa
University College
P.O. Box 30197
Nairobi, Kenya

Dear Professor Robson:

Thank you for your invitation to write a paper on the East African Common Market for your symposium in the December issue of the East African Economic Review.

I would be interested in contributing to this symposium but, due to other obligations, I would not be able to submit a paper before early October. Should this be agreeable to you, please send me the material on the Treaty.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor of Political Economy
The Johns Hopkins University

August 2, 1967

Professor William G. Andrews
Department of Political Science
State University College at Brockport
Brockport, New York 14420

Dear Professor Andrews:

Thank you for inviting me to participate at your conference on the Fifth Republic. I would be interested in commenting on Professor Kindleberger's paper and would also be glad to renew my acquaintance with Monsieur Marjolin. Should he not be able to attend, you might think of inviting Professor Raymond Barre, who is the new Vice-President for Economic Affairs at the EEC.

As to the two days suggested by you, my preference is for September 8th, Friday. I believe that Friday, or even Saturday, is more convenient for everybody than a day in the middle of the week. Concerning the honorarium, I would like to inform you that I have a "opportunity cost" of \$125.00 a day since I would have to absent myself from the International Bank where I am Adviser.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor of Political Economy
The Johns Hopkins University

August 1, 1967

Washington Hospital Center
110 Irving Street, N. W.
Washington, D. C. 20010

Dear Sirs:

On May 29th I wrote to you concerning a bill that I received during that month. Apparently the contents of my letter have not been taken into account since on July 12th you sent me another statement.

I am enclosing a copy of my May 29th letter in the hope that this will clear up the matter.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 1, 1967

Mr. R. Bharadwaj
The Indian Economic Journal
Department of Economics
University of Bombay
Bombay 1, India

Dear Mr. Bharadwaj:

In response to your letter of July 18th, I wish to let you know that I have no objection to your including my JPE article on "Tariff Protection in Industrial Countries" in your volume of Readings provided that no cuts are made in the paper. Your suggestion of including only sections 3 to 5 is not acceptable to me since this would disturb the continuity of the paper.

Should this be agreeable to you, you should also write to the Journal of Political Economy for this permission also.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

August 1, 1967

Mr. J. M. Finger
Assistant Professor of Economics
Department of Economics and
Business Administration
Duke University
Durham, North Carolina

Dear Mr. Finger:

I have read your paper on "Effective Tariff Rates and the Treatment of Nontradable Inputs" but I have not checked the mathematics. I have the impression that you do not correctly interpret Corden since he has expressly stated that one has to separate the tradable goods contained in nontradable inputs. Correspondingly, as the prices of the former go up, so will the latter.

At any rate, the treatment of nontradable goods can be decided only on the merits of each particular case since the process of price determination may differ from country to country. For a discussion of this problem, see pages 12-13 of the enclosed Outline and Methodology for the Project on the Structure of Protection in Developing Countries.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

August 1, 1967

Professor W. M. Corden
Australian National University
P.O. Box 4
Canberra City, A.C.T.
Australia

Dear Max:

During my visit to Paris I saw Maurice Scott and, among other things, we talked about the treatment of nontraded goods in calculating the effective rate of protection. In the course of the conversation, he made mention of his correspondence with you and, at my request, sent me a copy of the exchange. I hope you do not mind.

To get to substantive issues, Maurice is correct in pointing out that your results presuppose a parallel change in tariffs, subsidies, and exchange rates. As regards the inclusion of nontraded goods in the value added of producing activities, I believe this should depend on the process of price determination in the national economy. As indicated on pp. 12-13 of the enclosed "Outline and Methodology", in my project we are using your method as well as one based on full cost pricing. On pages 19-20 you will also find a description of "compensated" changes in tariffs and subsidies. Any comments are welcome.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

cc: Mr. Maurice Scott

Mr. A. M. Kamarek

August 1, 1967

Bela Balassa

Comments on "The Theory and Measurement of International
Price Competitiveness" by M. J. Ulmer

I agree with Messrs. Tiemann and Kundu's criticism of the Ulmer Index of price competitiveness, calculated as a ratio of export and import price indices for manufactured goods. This index is much affected by the composition of exports and imports in the individual countries and has therefore been rejected by most writers. Some have relied instead on international comparisons of export price indices. But this, too, is open to objections because of differences in weighting from country to country and because in most cases it is actually a unit value index so that quality and price changes are not appropriately separated.

Kravis and Lipsey try to get rid of both of these deficiencies by using identical weights (the combined trade of OECD) for all countries and by utilizing direct price observations. For a number of industries their results are already available and show the magnitude of the error associated with the old method. Unfortunately, they cover only selected years for the time being and hence it is impossible to run regressions by utilizing the new indices.

BBalassa:pam

cc: Messrs. King
Dubey
Tiemann/Kundu