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4th Progress Report  
(for the period from June  
1, 1965 to December 1,  
1965)

ECONOMIC INTERDEPENDENCE IN SOUTHEAST ASIA

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I. RESEARCH SUMMARIES

As in previous Progress Reports, the summaries of research undertaken in this report period are arranged according to the outline established in the Detailed Work Program submitted in June, 1964, and updated in October, 1965. An item that appeared in a previous report is not repeated unless there has been a change in the last six months; new developments in previously reported items are recorded in this report.

- Abbreviations and terminology:
- "SS" indicates Senior Staff
  - "RA" indicates Research Assistant
  - "ASUS" indicates Asian Staff in the United States
  - "Draft" indicates that a paper is being prepared
  - "Working Paper" indicates that a paper is substantially in final form and will be submitted to AID and other interested persons for review and criticism.

"Research Paper" indicates that a paper is a finished product and will presumably be or has been presented to AID as a research product and submitted, after AID consultation, for publication.

"PR #2" and "PR#3" indicates Progress Reports 2 and 3

I.A.1. ECONOMIC ADVANTAGE FROM ECONOMIC COOPERATION: THEORIES OF GROWTH

- (1) Research Paper #3; "Economic Theory and the Underdeveloped Countries" Hla Myint, University of London (ASUS) has been published in the Journal of Political Economy.

Summary in P.R. #3, p.4.

- (2) Research Paper #2: "The Theory of Error in Centrally-Directed Economic Systems" Theodore Morgan, (SS) has been published in Quarterly Journal of Economics.

Summary: Analysis of the types of systematic bias and error that have been experienced and are to be expected within centrally-directed economic units, public and private.

- (3) Lecture to the Contract Staff: "The Relevance of Development Economics to Development" Lauchlin Currie, The National University of Colombia.

Summary: The theory of economic development has evolved from the theory of economic growth. As a result, the growth of GNP per capita has become the means as well as the measure of successful development. Aside from the extreme unreliability of the GNP measure, the GNP criterion leads us to concentrate on the role of investment to the exclusion of other economic variables, and even more narrowly, on the evaluation of alternative individual investment projects as the main feature of development economics.

The problem of development is in fact one of reducing mass poverty. Achieving this goal requires fundamental social change rather than simple industrialization or increases in national output.

I.A.3. SPECIAL TOPICS RELATED TO GROWTH

- (1) Draft: "Economic Growth and the Price Level in Southeast Asia, 1950-1960" K.C. Sen (RA) is being revised as a Working Paper.

Summary: In P.R. #2, p.6.

- (2) Draft: "Planning for Tax Incentives--Some Case Studies" K.C. Sen (RA) is being revised as a Working Paper.

Summary: In P.R. #3, p.5

- (3) Lecture to Contract Staff: "Efficacy of Fiscal Policy in Less Developed Countries" Richard Goode, International Monetary Fund.

Summary: There is a marked contrast between the use of fiscal policy in developed and less developed countries. In the former, cyclical instability arising from changes in effective demand is amenable to anti-cyclical fiscal policy. In less developed countries economic instability arises from variation in the availability of resources (e.g., shifts in the terms of trade, failure of agricultural production). In LDCs therefore, the weapon of fiscal policy is of limited value in dealing with instability, and is more appropriate for dealing with problems of resource mobilization and reallocation, that cannot be solved satisfactorily by the private sector.

- (4) Discussion: "Research as a Guide to U.S. Economic Development Policy" Edward Fei, Agency for International Development.

Summary: In an informal meeting, Dr. Fei discussed the evolution of the AID research program, the nature of development policy decision making, and the potential role of research in development policy formation. The discussion revealed that research has thus far been somewhat more fruitful in scientific and technical fields than in the social sciences. Dr. Fei also emphasized that the results of economic research should be presented in terms of specific policy alternatives, and noted that the researcher should remember that policy decisions are necessarily based on political and military criteria as well.

I.B.1-2. TRADE AND PRODUCTION TRENDS AND ESTIMATES OF COMPARATIVE ADVANTAGE

- (1) Draft: "The Export Trade Pattern of Southeast Asia with the Developed Regions: Some Implications for Regional Trade Cooperation" by Seiji Naya (SS).

Summary: From 1956-57 to 1962-63 the total imports of 20 developed countries (DCs) increased by 38.6%. Yet exports to these DCs from the Southeast Asian region as a whole grew by only 13.4%. An analysis of this difference of 25.2% between the two growth rates (i.e., 38.6% minus 13.4%) revealed the following: (a) Although the dependence of the region on exports of primary products decreased during the period (to 73% of total exports in 1962-63), the export structure, or commodity composition of the region's trade accounted for 67% of the total difference in growth rates over the period. The reason is that while primary products bulk large in Asian exports, primary products imports of the DCs are growing at a slower rate than manufactures imports. (b) More significantly: the remaining 33% of the difference in growth rates represents a loss in competitive position of the region in the exports of primary products themselves. Southeast Asia has not been able to maintain its relative

position even in the export of primary goods. (c) In contrast to the performance in primary goods, Southeast Asia has expanded its exports of manufactured goods rapidly, although the proportion of these items in the total trade of the Asian countries is very small. Exports of manufactured goods should be encouraged, especially in the light labor-intensive product lines. Success in such an effort, however, cannot be relied upon to affect the trend of Southeast Asian export earnings in the near future.

- (2) Draft: "P.L. 480 and Southeast Asian Trade: Part I" by D.J. DeVoretz (RA).

Summary: The first part of this study summarizes the legislative history and the provisions of Public Law 480. Data are presented on the country direction and commodity composition of P.L. 480 transactions in Southeast Asia. In Part II of the study, now in progress, the author is performing an empirical analysis of the impact of P.L. 480 transactions on trade and production of selected agricultural commodities in individual Asian countries.

- (3) Proposed Study: "The Impact of U.S. Aid on Southeast Asian Trade and Production" by M. Schwartz (RA).

Prospectus: This study will attempt to provide quantitative estimates of the influence of U.S. aid, particularly aid-financed trade, on production and intra-regional trade in non-agricultural commodities in Asia.

#### I.B.3. TRENDS IN LABOR SKILLS AND LABOR MOBILITY

- (1) Research Paper #4: "Job Inflation in Indonesia" E.D. Hawkins (SS) has been accepted for publication in Asian Survey.

Summary: In P.R. #3, p.7.

#### I.B.4. GOVERNMENT POLICIES TO MODIFY COMPARATIVE ADVANTAGE

- (1) Study in Progress: "Analysis of Net Protection in Taiwan" J.C. Leith (RA).

Summary: The purpose of this study is to examine the net protective effect of the Taiwanese tariff on the production of selected exports and import substitutes. The approach to be used (which was suggested by H.G. Johnson--see P.R. #2, p.8 for a summary) involves computing the tariff as a percent of value added, rather than as a percent of the value of the final product. The 43 sector Taiwanese input-output table will be used for the study.

#### I.B.5. TRANSPORTATION COSTS

- (1) Draft: "Developing Nations and Ocean Transportation" B. Abrahamsson (RA) has been revised and is now circulating among the Contract

Staff.

Summary: In P.R. #3, p.8.

## II.A.2. RESTRICTIONS ON TRADE AND PAYMENTS

- (1) Draft and Lecture to Contract Staff: "Trade Concessions to Less Developed Countries; Policy Issues for the United States and Europe" T. Morgan (SS).

Summary: In order to narrow their trade gap, the developing countries (LDCs) have asked for trade concessions from the developed countries (DCs). The United States has opposed this type of concession because it would violate the most-favored-nation clause, because the margin of advantage that could be given is small, and for administrative and other reasons. Some DCs have in fact been according trade concessions to LDCs.

In terms of economic theory and policy, the evaluation of trade concessions should take into account the static and dynamic economic effects from the standpoint of the grantee, grantor and third party countries. Some of the favorable effects for LDCs are increased exports and employment, and the realization of economies of scale and domestic spillover effects on skills, organization, and capital formation from the increase in exports. On the negative side: trade concessions may favor only a limited number of countries, force specialization in dead-end industries and divert trade from more efficient producers. Injurious effects for developed countries include possible worsening of the balance of payments, reduction in employment, and increase in the real cost of imports.

An often neglected possible dynamic effect for LDCs is the incentive that trade concessions would provide to local entrepreneurs. The magnitude of this incentive is impressive when we realize that the protective effect of a tariff is usually understated. The tariff as a percent of value-added (or more appropriately as a percent of profits) is ordinarily much larger than when calculated as a percentage of the final selling price. The DC general tariff pattern is specially protective against the more highly fabricated goods in which the LDC's most want to expand production and exports.

## II.B.2. REGIONAL ECONOMIC SYSTEMS

- (1) Lecture to Contract Staff: "Regional Inequalities and Economic Growth" Benjamin Higgins, University of Texas.

Summary: This analysis of regional income differences in the United States, Canada, Brazil and Australia uses a model in which regions are based on a "Frontier-Metropolitan" division. The data suggest that there is an inverse relationship between mobility of the factors of production (including the supply of private entrepreneurship) and the

amounts of capital required for individual enterprises in a given region. If a policy objective is to decrease regional income inequality, government expenditure in the advanced sector rather than the backward sector may be preferred. Such expenditure can yield greater aggregate growth, and also narrow regional income differences through spread effects from the metropolitan sector and through mobility between sectors.

- (2) Draft: "Capital Flows in Southeast Asia" K.L. Huang (ASUS).

Summary: The two leading financial centers of Southeast Asia, Singapore and Hong Kong, will be compared with respect to currency systems, financial structures and capital markets. An examination of exchange controls and changes in official and unofficial market rates should reveal conditions in which capital movements would be expected to take place. Finally, the official and unofficial records and evidence of capital movements will be evaluated to determine the probable directions and magnitudes of capital flows. From this analysis an assessment will be made of the relative financial power of the two centers and of the possibilities for increased economic cooperation in the region.

### II.B.3. STRATEGY AND POLICY FOR REGIONAL COOPERATION

- (1) Draft: "Asian Development Bank--An Essay in Regional Institutionalization of Savings and Investment" A.N. Bhagat (ASUS).

Summary: The author argues that the main function of an Asian Development Bank should be to stimulate savings and private enterprise in the region. The Asian Bank would have on a regional level functions similar to those of the World Bank on a world-wide level. By assuring safety to the investor, the Asian Bank would be able to mobilize new savings (especially from the smaller savers). Through its own issues, the Bank could also usefully link national capital markets.

- (2) Draft: "Manufacturing and Scale in South and Southeast Asia" P. Bell (RA).

Summary: This paper offers a critical survey of the application of the concepts of economies of scale and external economies to manufacturing activity in underdeveloped countries. On the foundation of this preliminary work, the author, when he rejoins the Project Staff in February, 1966, hopes to provide empirical evidence as to the importance of scale in selected manufacturing enterprises in Southeast Asian countries.

- (3) Lecture to Contract Staff: "Rates of Return in Philippine Manufacturing Industries: Tax and Tax-Exempt" G. Sicat, University of the Philippines.

**Summary:** In the early 1950's the Philippine Government granted tax concessions to "new and necessary" industries in order to facilitate industrialization and import substitution. A preliminary examination of time series and cross-section data on rates of return in tax-exempt and non-tax-exempt firms in several industries indicates that returns were initially higher in the former, but have over time dropped below the rates in the non-tax-exempt. An additional interesting feature of the comparison is that the variance in rates of return among tax-exempt industries has been large relative to the non-tax-exempt.

- (4) Lecture to the Contract Staff: "The Changing Role of the World Bank" D. Fontaine, International Bank for Reconstruction and Development.

**Summary:** After a time of concentrating on general import loans for European postwar construction, the World Bank in the 1950's began to extend project loans to underdeveloped countries. Rigid lending criteria for projects with respect to management, engineering and economic considerations provided high assurance that projects would be successful, thereby enhancing the Bank's credit rating, and also enabling the Bank to press for needed reforms in the borrowing countries.

Increased tensions between the large number of newly independent nations and the developed countries, the exhaustion of the best projects, and increased difficulty in borrowing funds in developed countries have led the Bank to review its position. The formation of IDA and an expanded program of technical assistance are directed at the first two problems. The limits recently set by the developed countries on the Bank's borrowing are especially serious because the net flow of capital to LDCs is not growing. The future role of the Bank may be one of providing additional technical assistance along with direct support for education, and acting as an "honest broker" between the DCs and LDCs. A precedent for the latter has been set in the consortia for India and Pakistan.

#### II.C.1. AGRICULTURE

- (1) Lecture to Contract Staff: "Taxation and Agricultural Development in Low Income Countries" J. Strasma, University of Wisconsin.

**Summary:** Land tenure and land taxation are high on any list of socio-economic factors that are thought to hinder efficient land use in Latin America. Data for Brazil, Colombia and Chile suggest that labor productivity is higher for large agricultural units, whereas land productivity is higher for small family units. Tax reform in agriculture may therefore be preferable to land reform in that it will cause large land owners to release part of their holdings to small-holders. A shift from maximum labor productivity to maximum land productivity will also raise total output, and a more equal distribution of land holdings will increase the equity of the economic system.

- (2) Lecture to the Contract Staff: "Developing Underdeveloped Data: Labor Input in a Sample of Greek Farms" P.A. Yotopoulos, University of Wisconsin-Milwaukee.

Summary: In an attempt to estimate production functions for Greek agriculture, the author obtained basic data on capital and labor inputs from a sample survey of farms. This experience highlighted the problems of questionnaire design and survey procedure for use in underdeveloped countries. As a by-product of the main study, evidence was obtained on agricultural underemployment.

- (3) Lecture to the Contract Staff: "Land Reform: Its Fruits on Taiwan; Current Efforts in the Philippines" A. Ravenholt, American Universities Field Staff Service.

Summary: Land reform has been the key to Taiwan's postwar economic development, both because of its effect on agricultural output itself and because of the resulting stimulus agricultural demand has given to industrialization. The success of land reform is due primarily to a unique institution, the Joint Commission on Rural Reconstruction, which was able to function outside of the formal structure of the National Chinese government. Security of tenure, reasonable rents, and a breakup of large holdings were achieved by JCRR-supported legislation and administration. The JCRR worked closely with the farmers' organizations--the second main feature in the agricultural program--to introduce new techniques in production and marketing and to provide necessary social overhead investments.

The Philippines, despite extensive legislation, has not yet been able to achieve needed land reform. Although the Philippines and Taiwan share broadly similar colonial histories, the United States did not attempt to alter the social structure of the Philippine country side and the landlords have put up strong opposition to legislative attempts at land reform. Land reform is a main area in which foreign aid and technical assistance can make a significant contribution to Philippine development.

### II.C.3. POPULATION TRENDS AND POLICIES

- (1) Draft: "Demographic Trends and Problems in Indonesia" E.D. Hawkins (SS).

Summary: The 1961 Census and other sources present a demographic picture of Indonesia that shows a baby boom during the 1950's, following a "hollow" generation in the 1940's. This configuration has led to urgent problems in schooling, labor force and urbanization. After identifying the demographic problems, the author evaluates some of the solutions that have been proposed.

- (2) Draft: "Population Theory and the Strategy of Growth: Case Study of the Philippines" A. Kelley (SS).

Summary: For a case study of the Philippines, this research seeks to isolate some of the effects of rapid population growth and demographic change on (1) changing employment structure, (2) consumption patterns, and (3) overall economic progress.

### III.A. THE EXPERIENCE OF PLAN EXECUTION

- (1) Draft: "A Note on the Notion of Convergence" H.K. Mazumdar (ASUS).

Summary: This note emphasizes the convergence that is taking place in social structure and in social goals along with that taking place in methods of planning and use of policy instruments. (The latter was developed by K.C. Sen in his "Convergence in Planned Economies".) The author finds that there is now a convergence in the goals of social welfare and general human dignity in both socialist and capitalist societies, just as there is a convergence in the search for incentive mechanisms and rewards for innovation and technical improvement in both types of society. A convergence in social structure is less apparent, although statistical measures suggest that there is no significant difference in inequality among the most advanced capitalistic and socialistic societies.

- (2) Lecture to the Contract Staff: "Applied Development" R.R. Nathan, Robert R. Nathan Associates.

Summary: The experience of working with governments in development planning indicates that some of the most serious obstacles to development come under the headings of planning, programming, policy and prosecution. Plans must be well integrated and carefully made; the 5 Year Plan drawn up in 3 or 6 months is not a useful document. Programming must be sensible; industrial development programmed ahead of adequate transportation facilities, as in Burma, is wasteful and frustrating. Government policy must be realistic. Governments are typically unwilling to price adequately the services of autonomous corporations, especially public utilities, and to pursue appropriate tax and credit policies. Prosecution of the plan must be consistent and thorough. Often, line bureaus and departments are left out of plan formation and hence are less than enthusiastic about meeting what seem to be, or are, impossible targets. Finally, the main lesson from experience is that there are no neat, polarized answers to problems of development.

- (3) Research Paper #5: "Success and Failure in Economic Planning" T. Morgan will be published in Philippine Economic Journal.

Summary: In P.R. #3, p. 15.

### III.B. NATIONAL PLANNING AND ECONOMIC INTEGRATION

- (1) Draft: "Nation-Building and Regional Integration" K.C. Sen (RA).

Summary: The central objective of all economic policy-making in the emerging nations of Southeast Asia seems to be nation-building through economic nationalism. Accordingly, their planning documents include a multiplicity of collateral objectives, each designed to promote the primary objective, but often conflicting among themselves. This has given rise to what may be called a "goal index"--a composite of economic goals which is the closest possible approximation of the central objective--with a marginal trade-off among goals. In addition, the permissible means of policy must be chosen within the range of the "goal index".

In this study, an attempt has been made to study systematically the nature of the constraints on economic nationalism which arise (1) from the competition between collateral objectives in (a) a closed economy, and in (b) an open economy; (2) from the question of permissible policy means; and (3) from participation in a regional integration scheme.

## II. FUTURE ACTIVITIES

### A. The Asian Research Project

1. One part of our overall research plan is studies to be undertaken by Asian scholars working in Asia. On the basis of work begun in Madison during the last year and a half, we have found four topics for which field research seems particularly appropriate. We are now preparing invitations to participate in this program to send to potential research people in each of nine Asian countries. In January, 1966, Professor Baldwin and Mr. Spoelstra will visit Asia to conclude arrangements concerning the research program with the Asian personnel. The draft letter of invitation to the Asian researchers is in Section 2 below, a summary of the research topics in Section 3, and the terms of agreement in Section 4.

#### 2. Draft Letter to Potential Asian Appointees:

The Center for Economic Development and International Economics of the University of Wisconsin began in 1964 a study of "Economic Interdependence in Southeast Asia" under a three-year contract with the Agency for International Development. The purpose of the study is to determine the existing extent of economic interdependence and to assess possibilities for increased economic cooperation. The general area with which the contract is concerned is the ECAFE region, and more particularly a central group of countries, their selection justified by existing and prospective trade patterns.

In fulfilling this purpose, we believe that research carried out in Asia by Asian economists can be a valuable supplement to our work here in Madison. We are writing to invite your participation in a program of research and discussion. Your part would consist of research on trade patterns and projections for your country. We are also exploring the possibility of holding a Conference in Bangkok in January, 1967, to discuss the results of your and the other participants' research. Although we are unable to make a definite commitment at this time, we hope to be able to invite you to this meeting as well.

The research we are particularly interested in centers on two topics described in the enclosed material. We should welcome your comments and suggestions for improvement. We include also financial and administrative information.

If for some reason you are unable to join us in this research, could you suggest one or two people who might be able to replace you? But we sincerely hope that the topics are of interest to you and that you will be able to participate in the program.

Please let us hear from you soon.

Sincerely yours,

Theodore Morgan  
(Professor of Economics)  
Director of Research

### 3. Research Topics:

This prospectus is suggestive and illustrative rather than definitive. We welcome your comments and suggestions. In December we will send you working papers that cover each topic in detail and that will serve as guides for your research.

The research that we are planning consists of two interrelated parts: (1) a general analysis of trade projections for the countries of Southeast Asia; and (2) a more detailed study of some aspects of the structure of trade and production for a small sample of commodities.

Each of the topics could be a major study in itself. Our intent on topics I and II.B is that you will evaluate and provide a synthesis by drawing on your personal knowledge and on existing studies and data to which you have better access than does our staff. For Topics IIA and IIC we hope that you will be able to supply us with specific quantitative data not readily available in the United States, as well as with your own analysis and interpretation of the data.

#### I. Aggregate Trade Projections

In recent years several organizations and individuals have developed projections of trade flows between Southeast Asia and the rest of the world. The results of the various studies differ substantially. For example, the projected increase in the total exports of the developing ECAFE countries for the period 1960-1980 ranges from 71% by ECAFE and 67% by ECE, to 45% by GATT. Various factors account for these divergences. There are differences in the projection techniques themselves, in assumptions about the future trends in certain variables, and in assumptions about changes in structural characteristics. We seek your assessment of these projections in terms of the extent to which the assumptions involved in these studies are applicable

and realistic in your own country. In particular we are interested in the degree to which the various projections correspond with those made in your government's planning organization. We should like your judgment on the extent to which any of your government's policies designed to alter patterns of comparative advantage have adequately been taken into account in the projections.

Most of the six projections that we now have on hand and are studying treat the developing countries of Southeast Asia as a group. Because our focus is on a more detailed analysis for individual countries, your evaluation with regard to (your country) can be a genuine and substantial contribution to the research results of the project.

## II. Commodity Studies

We seek more detailed information on the effects in (your country) of selected tariff and non-tariff influences on production and trade for a sample (approximately six) of major commodities. Our staff is now preparing a list of suggested commodities.

### A. Tariffs

A tariff has a dual role: (1) it provides a subsidy to the domestic production of protected commodity, and (2) it penalizes production of any commodity that uses inputs of protected commodities. Consequently, the actual (net) protection afforded to a commodity is usually different from the explicit or nominal tariff rate. "Protection" can easily be negative for commodities that use as inputs for their production commodities subject to substantial duties.

We should like to obtain at least crude empirical estimates of the magnitude of these effects for our sample of commodities. We anticipate that you will be able, from existing studies and sources of information in (your country) to obtain an estimate of the values of inputs for a typical firm producing the commodity. Given the tariff rates on these inputs and on the final good, it will be possible to develop estimates of the net real protective effect of the tariff on the commodities selected.

### B. Other Domestic Government Policies

How are your government's development policies generally, and specific non-tariff policies such as tax subsidy, import allocation, labor training and tax exemption programs affecting the costs of production and hence the export and import substitution possibilities for the sample commodities.

### C. Tied Aid; Trade and Payments Agreements

The amount of aid-financed trade--much of it "tied aid"--from the U.S. and other countries has been substantial in recent years. For our sample commodities, we should like an estimate of the effect of tied aid and of bilateral trade and payments agreements as they have affected your country's trade and production.

4. Terms of Agreement:

(1). Time Period: The research will begin during January, 1966, and should be completed no later than June 1, 1966. A first draft of the research paper should be sent to us for comments and suggestions by the first of April, and a final draft should be in our hands by June 1.

We realize that in most cases researchers will be able to work only part-time on this project. We think of the total time to be put in as the equivalent of 4 to 6 weeks of full-time work. The proportion of your time devoted to each topic will vary depending on your own interests, the availability of research assistance, current studies to which you have access, etc. On the average, however, we anticipate that topic I will take about one-third and topic II two-thirds of the total time available.

(2). Fee and Expenses: We are able to pay a fee of \$500: \$100 on acceptance of the proposal, \$400 on presentation of the final revised paper. Expenses up to \$100 (on presentation of receipts) can be allowed for research assistance, typing, mimeographing, photocopying, and required travel.

(3). Publication Rights: We will send your report to AID as a part of our research findings. After our consultation with AID, you are free to publish your report or studies resulting from this research as you desire.

(4). Consultation: One or two of our staff will visit you during January, 1966, to consult with you on the research program.

B. Conference in Asia

In January, 1967, a Conference will be held in Bangkok to which Asian scholars will be invited to discuss the results of the Asian Research Project as well as the broader program on Economic Interdependence in Southeast Asia. Professor Baldwin and Mr. Spoelstra will explore arrangements for the Conference during their trip.

III. SUMMARY FISCAL REPORT

-14-

Line Item Number	Category	This Period		Previous Periods		Total To November 30, 1965
		6/1/65-11/30/65	12/1/64-5/31/65	6/1/64-11/30/64	3/23/64-5/31/64	
1.	Salaries, Wages, Stipends, Consulting Fees, total:	<u>\$25,792.62</u>	<u>\$21,967.70</u>	<u>\$20,155.83</u>	<u>\$746.30</u>	<u>\$68,662.45</u>
	--June to October 30, 1965	21,193.83				
	--November 1965 estimate	4,598.79				
2.	Allowances	--0--	--0--	--0--	--0--	--0--
3.	Travel and Transportation, total:	<u>89.04</u>	<u>4,117.86</u>	--0--	--0--	<u>4,206.90</u>
	--June 1 to October 30, 1965	89.04				
	--November 1965 estimate	--0--				
4.	Other Direct Costs, total:	<u>1,697.43</u>	<u>2,398.91</u>	<u>581.24</u>	<u>84.94</u>	<u>4,762.52</u>
	--June 1 to October 30, 1965	1,447.43				
	--November 1965 estimate	250.00				
5.	Overhead					
	--May 1 to October 30, 1965	<u>10,725.38</u>	<u>9,023.66</u>	<u>6,845.57</u>	--0--	<u>26,594.61</u>
6.	Equipment and Materials	--0--	--0--	--0--	--0--	--0--
7.	Research Services by Non- U.S. Personnel, total:	<u>5,706.14</u>	<u>4,290.95</u>	<u>1,050.00</u>	--0--	<u>5,706.14</u>
	--June 1 to October 30, 1965	4,891.32				
	--November 1965 estimate	814.82				
8.	Conferences	--0--	--0--	--0--	--0--	--0--
9.	Participants	--0--	--0--	--0--	--0--	--0--
	<b>TOTAL, ALL LINES</b>	<u>\$44,010.61</u>	<u>\$41,799.08</u>	<u>\$28,632.64</u>	<u>\$831.24</u>	<u>\$115,273.57</u>
	--June 1 to October 30, 1965	38,347.00				
	--November 1965 estimate	5,663.61				

## IV. CONTRACT STAFF

## A. Personnel Employed in this Report Period

	AID Appointment	
	This Period	Future Periods Planned
<u>1. Senior Staff</u>		
a. Theodore Morgan (Professor of Economics and Campus Coordinator)	Sept.-Nov.'65 (1/2 time)	Dec.'65-May'66 (1/2 time)
b. P.T. Ellsworth (Professor of Economics)	Sept.-Nov.'65 (1/3 time)	Dec.'65-May'66 (1/3 time)
c. Allen Kelley (Assistant Professor of Economics)	June-July'65 (Full time)	None
d. Hans O. Schmitt (Associate Professor of Economics)	June '65 (1/2 time)	None
<u>2. Central Staff</u>		
<u>a. Associate Directors</u>		
(1) E.D. Hawkins (Professor of Economics and Acting Campus Coordinator)	June-Aug.'65 (2/3 time)	None
<u>b. Project Associates</u>		
(1) Seiji Naya (Instructor and Project Associate)	June-Nov.'65 (1/2 time)	Dec.'65-May'66 (1/2 time)
<u>c. Campus Research Assistants</u>		
(1) B.J. Abrahamsson	June'July 15,'65 (1/2 time)	None
(2) P. Bell	July-Aug.'65 (1/2 time)	Feb.-June'66 (1/2 time)
(3) D.J. DeVoretz	July-Aug.'65 (1/2 time)	None
(4) M. Schwartz	Sept.-Nov.'65 (1/2 time)	Dec.'65-Jan.'66 (1/2 time)
(5) J.C. Leith	Sept.-Nov.'65 (1/2 time)	Dec.'65-June'66 (1/2 time)
(6) K.C.Sen	July-Nov.'65 (1/2 time)	Dec.'65-June'66 (1/2 time)
(7) I.J. Singh	June; Sept.-Nov.'65 (1/2 time)	Dec.'65-Jan.'66 (1/2 time)

(8) N. Spoelstra	July-Aug.'65 (1/2 time) Sept.-Nov.'65 (3/4 time)	Dec.'65-June'66 (3/4 time)
(9) D. Stebbing	July-Aug.'65 (1/2 time)	None
(10) L. Weiser	July-Aug.'65 (1/2 time)	None

d. Project Assistants

(1) P. Shima	Sept.-Nov.'65 (1/4 time)	Dec.-Jan.'66 (1/4 time)
(2) S. Sanittonant	Sept.-Nov.'65 (1/4 time)	Dec.-Jan.'66 (1/4 time)
(3). H.L. Lui	Aug.'65: 1/2 time Sept.-Nov.'65 (1/4 time)	Dec.'65-Jan.'66 (1/4 time)

e. Secretaries

(1) Mrs. Liesl Tarkow	June-Nov.'65 (1/3 time)	Continuing
(2) Mrs. Betsy Spoelstra	June-Nov.'65 (3/4 time)	Continuing

3. and 5. Lecturers and Consultants

- a. Professor Benjamin Higgins, University of Texas, "Regional Inequalities and Economic Growth", September 14, 1965.
- b. Professor Pan A. Yotopoulos, University of Wisconsin-Milwaukee, "Developing Underdeveloped Data: Labor Input in a Sample of Greek Farms", October 5, 1965.
- c. Dr. Robert R. Nathan, Nathan Associates, "Applied Development", October 12, 1965.
- d. Professor Gerardo Sicat, University of the Philippines and Massachusetts Institute of Technology, "Rates of Return in Philippine Manufacturing Industries: Tax and Tax-Exempt", November 2, 1965.
- e. Dr. Lauchlin Currie, Advisor to the Government of the Republic of Colombia, The National University of Colombia and Michigan State University, "The Relevance of Development Economics to Development", November 23, 1965.

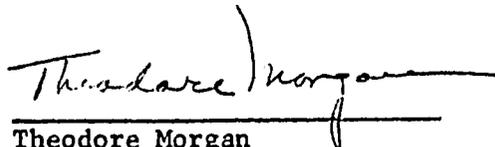
4. Non-U.S. Personnel

a. Dr. A.N. Bhagat (ECAFE, Bangkok)	June-Aug.'65 (1/2 time)	None
b. Dr. H.K. Mazumdar (Indian Statistical Institute, Calcutta)	June-Aug.'65 (1/2 time)	None

	This Period	Future Periods Planned
c. Dr. Kai-Loo Huang (Singapore)	Sept.-Nov.'65 (2/3 time)	Dec.'65-May'66 (2/3 time)

B. Additional Personnel to be Employed in Future Periods

1. Senior Staff: None at Present
2. Central Staff: None at Present
3. Lecturers and Consultants:
  - Professor Gottfried Haberler, Harvard University.
  - Professor Hla Myint, London School of Economics.
  - Professor Harold Williamson, Northwestern University.
  - Dr. Reed Irvine, Federal Reserve System, Board of Governors.
  - Mr. Julian Singman, Landis, Cohen and Singman.
  - Professor Lloyd Rudolph, University of Chicago.
4. Non-U.S. Personnel: None at Present.

  
Theodore Morgan  
Director of Research