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## EXCHANGE CONTROL, LIBERALIZATION AND ECONOMIC DEVELOPMENT

Semi-annual Progress Report to Agency for International  
Development for Period July 1 to December 31, 1971, on  
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The July-December period has been marked by intensive work on the country studies following the second Working Party held on June 4 to 6. The common aim set at that meeting is to have full first drafts of all country studies<sup>1</sup> completed and circulated in advance of the next Working Party scheduled for February 24 to 26, 1972 and to subject these drafts to close review on that occasion. Meanwhile, as portions of the drafts become available, they are being reviewed by the project co-directors, Jagdish Bhagwati and Anne Krueger, and in some cases revised prior to circulation to the group.

It is too early to say how completely the aim of having full drafts ready before the February meeting will be realized, but present prospects seem very favorable. The country authors were requested in early September to provide chapter outlines

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These country studies and their authors are as follows: Brazil, Albert Fishlow; Chile, Jere Behrman; Colombia, Carlos F. Diaz-Alejandro; Egypt, Bent Hansen; Ghana, J. Clark Leith; India, Jagdish N. Bhagwati and T. N. Srinivasan; Israel, Michael Michaely; Pakistan, Nurul Islam; Philippines, Robert E. Baldwin; South Korea, Charles Frank; and Turkey, Anne O. Krueger. In addition, as noted below, shorter papers are being prepared by Lawrence White on Indonesia and Ippei Yamazawa on Japan.

and expected completion dates. The responses indicated that much of the material would be ready to circulate shortly after the end of December 1971, and most of the rest in January. It may be recalled that comprehensive drafts of some chapters, notably for the studies of Egypt and India, were distributed already at the time of the Working Party last June, and other drafts on these and other studies have subsequently gone into circulation. Given the disruption in Pakistan, it is particularly noteworthy that Nurul Islam has been able to complete, in preliminary form, drafts of 19 out of the 20 chapters into which he has divided his study of that country.

With a view to ensuring careful review and coordination of the country studies, two members of the group of country authors have been assigned to each study other than their own with particular responsibility for leading the discussion of the study at the next Working Party.

Several of the authors not resident of the countries they are studying<sup>2</sup> took advantage of the summer to make the country visits foreseen in the project design for the purpose of collecting information and organizing supporting research on the spot. These summer visits were made by Robert Baldwin to the Philippines, Carlos Diaz to Colombia, Albert

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These do not include, of course, Michael Michaely on Israel, Nurul Islam on Pakistan, T. N. Srinivasan as co-author on India, and Clark Leith on Ghana (where he was visiting professor until July 1971).

Fishlow to Brazil, Charles Frank to South Korea and Anne Krueger to Turkey. Jagdish Bhagwati is now spending several weeks in India over the year-end 1971-72 to complete drafting of the study of that country in collaboration with T. N. Srinivasan. Earlier, Jere Behrman had visited Chile in the Spring of 1971, and Karim Nashashibi, collaborating with Bent Hansen on Egypt, had visited that country already in the summer of 1970 to get the study off to a very early start.

In addition to the eleven major country surveys, two shorter papers have been commissioned on countries deemed to be of particular interest to the project. One is by Professor Lawrence White of Princeton University on Indonesia's experience with liberalization since 1965, as mentioned in the Semi-annual Progress Report to AID for the January-June period of 1971. Professor White was able to benefit by a separate assignment to Indonesia during the past summer to collect and update information for his report. The other paper, undertaken by Professor Ippei Yamazawa of Hitotsubashi University, is aimed at probing the relevance to the less developed countries of Japan's performance in industrialization and growth over the period extending from about 1900 to the Second World War.

Though the time and energy of the co-directors, Bhagwati and Krueger, have had to be devoted so far mainly to their own country studies and to the planning and coordination of the others, they have also begun to lay out the synthesis which is

to serve as the capstone to the investigation as a whole. Their plans for the report will be discussed and reviewed with the country authors at the next Working Party.

On the assumption that the first drafts of the country studies will be complete, in the main, for the February meeting, it is expected that the following three months will be devoted by the co-directors chiefly to putting the last touches on their own country studies and to the final review and revision of the other country studies. They will then return to their synthesis with the aim of completing it next summer. A full, near-final draft should be ready for circulation in September

In response to an initiative by AID, consideration is being given to the possibilities of making the results of this investigation more widely available to officials and scholars here and abroad concerned with foreign exchange and trade problems and policies as related to economic development. Subject to the availability of financing, the most promising method of dissemination is thought to be a series of conferences, including one in the United States, with participants from abroad, and several regional conferences in Latin America, Africa and the Near East, and the Far East. A further condition would be to have the studies, papers and synthesis available in printed form well in advance of such conferences.

Hal B. Lary  
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