

PART ONE

The Development Planning Process

Chapter I

Introduction

SINCE THE END of the Second World War, a considerable literature on development planning has accumulated. Most of it is concerned with how planning ought to be practiced, or more explicitly, how planning would work if it worked as originally conceived or as the writer might wish. While examples from experience have been used to illustrate principles, most authors have chosen to concentrate on theory rather than practice. These writers have generally been as aware as anyone that there was always a gap—often a great one—between the theories they espoused and planning as it is practiced, especially in less developed countries. But mostly they have considered discrepancies between the two as short-run aberrations which would tend to disappear as more planners were trained and acquired experience.

The formal training of planners has reflected these attitudes. In universities in the industrialized countries, as well as in universities and institutes in the less developed countries themselves, to which would-be planners from less developed countries have come to learn the art or, as some may aver, the science of development planning, courses have largely concentrated on techniques for getting the highest possible returns from the allocation of economic resources. These techniques have in the main included such subjects as econometric model-building based on linear or curvilinear programming, the construction of input-output matrices, shadow-pricing methodology, simulation technique, operations research and the theory of games. While this training may be valuable to some, it has thus far proved to be of little practical use to planners in most less developed countries.

This is only partly because of a dearth of reliable statistics without which refined technique cannot work, an absence of technicians capable of joining in the formulation of an econometrically based comprehensive plan, or a failure of government leaders to understand what planning is all about. Of far greater importance is the fact that in most less developed countries the major unresolved planning problems are primarily political and administrative instead of economic. Against

these problems, econometric techniques, which constitute the main stock in trade of the modern planner, have thus far made almost no headway.

Even a casual examination of the results achieved from development planning in most less developed countries indicates that they are falling short of what is reasonable to expect. The record is so poor—it has been worsening in fact—that it has sometimes led to disillusionment with planning and the abandonment of plans. Even in India, a citadel of planning, planning has been under unprecedented attack. Indeed, participants in the United Nations Meeting of Experts on Administrative Aspects of National Development Planning, held in Paris in June 1964, went so far as to suggest that national development planning was in crisis.

Perhaps this goes too far. Nevertheless, the record is not one in which planners can take pride. It can hardly be a source of complacency for planners when they reflect how few are the less developed countries which succeed in achieving even modest plan targets. It behooves planners to re-examine their approach to planning in the light of actual experience.

Although national development planning is very young—it has been practiced on a continuing basis for little more than 35 years in the USSR, for less than 20 years in countries which started planning soon after the end of World War II, and for much less than a decade in most of the rest of the world—development planning has already acquired its orthodoxies and high priests.

In the socialized countries, the official doctrine has been that rapid and balanced development could be carried out only through centralized plan formulation and execution. Amidst increasing indications over the last decade that centralized decision-making was seriously interfering with the ability of socialized enterprises to fulfill their plan targets, and clear evidence in Yugoslavia that decentralized implementation was producing far better results than centralized controls, the accepted tenets and ways were retained and expanded in most socialized countries. When these tenets were questioned, at first hesitantly and then more boldly and insistently, they were vigorously defended by the most respected savants. What was needed, they replied, were more, not fewer controls. The theory was good, but practice was bad. Practice had to be brought into line with theory.

But events proved more persuasive than words. Despite valiant efforts to reform the system within the limits laid down by theory, planning problems multiplied. And, as will be seen later, eventually

theory gave way. New forms are coming into use. Rigid adherence to precept hallowed by use is being followed by flexible experimentation. What form planning will take is uncertain, except that it will be different from the past.

In the mixed-economy countries, also, a basic credo took root early. It holds that comprehensive development planning, based on econometric techniques, is so superior to any other type that all countries, at all stages of development, would be well advised to use it in preference to any other. The rationale for this belief is discussed in detail in Chapter IV. There is little question that from the theoretical point of view, comprehensive development planning excels. It may also be granted that it works effectively in some countries, especially in the more advanced nations or in those less developed countries that are so firmly committed to development planning that the usual problems seem to be more manageable. It may even be granted that some countries which plan only partially could benefit from the introduction of comprehensive planning. But it must also be said that comprehensive development planning does not work in most less developed countries where it has been tried.

Here, as before, those who believe in the established doctrine argue that what is wrong is practice—not theory. Here, too, those who consider comprehensive planning the “be all and end all” of planning, contend that the many failures only prove the need for more—not less—comprehensive planning. But here, also, the pressure of circumstances is convincing many countries to abandon an “idealized outlook” and adjust practice to needs dictated by realities.

Forced from the chrysalis of theory by the imperative of events, national development planning has emerged as a diverse phenomenon which almost invariably differs in some important respects from one country to another. To an even greater extent, diversity arises because not only the aims of planning but the methods used to formulate and implement plans are closely conditioned by a country’s political, economic and social values and institutions, and its stage of development. Since in these respects every country is unique in some way, the results in one country usually differ markedly from those in another even when both have adopted the same planning methods.¹

Yet, every country has qualities and planning problems which are

¹ UN. TAA. *Introduction to Public Administration in Development Policy, Preliminary survey of the experience of several Latin American countries*, p. 3. [See list of works cited at end of book for full citation for this and succeeding footnotes.]

common to all. It is, therefore, a mistake to believe that the planning experience of one country has no relevance to others—as much a mistake as it is to think that one type of planning is the answer to development in all countries at all times. Indeed, the material in the chapters which follow provides much evidence to support the view that, although methodology and approach may vary greatly from one country to another, certain principles have emerged in the planning experience of socialized and mixed economies, and in the industrially developed and less developed nations, which are valid in any country. One need cite only one example: Experience demonstrates that when a country's leaders in a stable government are strongly devoted to development, inadequacies of the particular form of planning used—or even the lack of any formal planning—will not seriously impede the country's development. Conversely, in the absence of political commitment or stability, the most advanced form of planning will not make a significant contribution toward a country's development.

It is therefore a mistake to imagine that a certain system of planning or a certain kind of plan is the key to national development. Those planners who insist that it is, when most countries do not in practice accept this view, only succeed in separating their activities and their plans from the planning process as it operates in most less developed countries. While planners may be shifting resources about on paper and proving to their own satisfaction that a country's national income can be doubled within a decade, the country may be having great difficulty in maintaining much lower rates of growth.

When planners look up from their plans, they cannot fail to become aware that their theoretical formulations have greatly outstripped practical capabilities. They can then appreciate the advice of one planner to

survey things as they are, observe what needs to be done, study the means you have to do it with, and then work out practical ways of going about it.²

When this sequence is followed, the forms of planning are likely to be quite different from those set by reference to abstract concepts. Thus, it may be found that improvements in budgetary practice should precede the formulation of a comprehensive development plan in some

² Ionides, Michael G. "The Objects and Implications of Economic Development," p. 15.

countries; or that the establishment of machinery to improve the preparation and execution of projects, and the formulation of sectoral programs may be more important in some countries at some time in their history than the establishment of a central planning office.

The shortage of good, well-prepared projects which is a well-nigh universal feature of the planning experience of less developed countries is now widely recognized as a major impediment to the execution of plans for development. Planners are also beginning to realize that the absence of appropriate policies and measures, more often than the absence of additional investment funds, accounts for shortfalls in plan targets. But the implications of these truths are not yet fully understood by most planners. Thus, they do not comprehend that they must mold their plans to "things as they are." Planners must, of course, try to improve the planning *milieu* in which they work. But to accomplish this, it is of little use to start with a set of theoretical abstractions of planning as it might be and seek to force them upon an inhospitable environment. Theory is important—nay, vital. But an important lesson of experience is that *a priori* abstractions from theory, no matter how penetrating, are only a beginning; to complete the story, there is need for *a posteriori* abstractions from history. The problems of planning

are not likely to be settled by the continuing elaboration and refinement of purely logical and mathematical analysis. This is because much of the empirical basis of current theorizing appears to consist of *a priori* 'common sense' assumptions or of fragmentary or obsolete data. If theoreticians avoid the discipline of empirical verification for too long, they run the risk that their work will attenuate into a kind of sterile scholasticism. Elegance is not a substitute for evidence . . . it is never enough to judge theories, decision models, etc., only by their logical validity; they must always also be submitted to such empirical verification as may be possible.³

³ Colm, Gerhard and Geiger, Theodore. "Country Programming as a Guide to Development," p. 66.