

Chapter VIII

Administrative Obstacles to Planning

. . . no great improvements in the lot of mankind are possible, until a great change takes place in the fundamental constitution of their modes of thought.—John Stuart Mill

THE ADMINISTRATIVE PROBLEM

FEW GOVERNMENTS of less developed countries can cope with the range, variety and complexity of administrative problems which development planning brings. In the Philippines, the Five-Year Integrated Socio-Economic Program for 1962–66 has gotten off to a slow start and is likely to take much longer to execute than originally envisaged because the administrative apparatus is not up to the task of carrying out a development effort on the scale required by the Program. In Iran, administrative problems have restricted the speed with which the Third Plan has moved forward. In India, the late Prime Minister Nehru stressed the need for a complete revitalization of the country's administration and attributed the Government's failure to implement plans to the many weaknesses in the administrative machinery.¹ In Ethiopia and Nepal, in Turkey and Nigeria, indeed, in one country after another, it has been discovered that a major limitation in implementing projects and programs, and in operating them upon completion, is not financial resources, but administrative capacity.

The administrative systems of governments in almost all less developed countries with mixed economies are anachronistic. Established long ago to meet conditions which differ greatly from those prevailing today, they have not been adapted sufficiently to greatly changed circumstances. Countries which were colonial areas until recently, inherited government administrations established in their territories primarily to preserve law and order, collect taxes and provide basic

¹ *Statesman Overseas Weekly*, September 7, 1963.

government services. These things they did well and, if a cadre of expatriates or trained nationals was available after independence, they still do with reasonable efficiency. In these countries, deficiencies in public administration arise largely because government machinery which worked well enough in colonial societies no longer is able to operate effectively in independent societies which seek to accelerate greatly their development.

Countries which have been independent for a long time also inherited administrative systems designed in another and more static era for a purpose other than development in a dynamic age. But in contrast with the newly independent countries, most traditionally independent nations failed to build up efficient government administrations, even for collecting taxes, preserving law and order or providing basic services. Although taxes are generally low and exemptions large in Latin America, for instance, Dr. Alberto Lleras Camargo has noted that "there are many extremely well-to-do and even very rich people who pay no taxes."² He continues:

To indicate how outlandish this situation is, it is enough to say that not a single Latin American, whether of high standing or of the underworld, has ever been imprisoned for not paying his taxes or for sending in a fraudulent income tax report. In all that vast area it is unthinkable that deceiving or defrauding the state in this matter of taxes should be considered a crime, and what is more, the law does not consider it as such. As a result, tax evasion is widespread.³

The situation is often not very different with regard to other legal violations. Thus, a World Bank survey mission to Iraq reported widespread violations of existing labor laws which the Government's inadequately staffed Labor Department was in no position to enforce. Out of 1,228 enterprises, only 136 were found to be complying with the law.⁴ In Colombia, a report prepared by the inadequately equipped national police complained about the lack of enforceable laws against crime and about the judiciary which,

² Lleras Camargo, Alberto. "The Alliance for Progress: Aims, Distortions, Obstacles," p. 33.

³ *Ibid.* Since Dr. Lleras wrote the statement quoted, the Government of Chile has imprisoned three persons for violating existing tax laws and other cases are pending. But as far as can be determined, the Chilean action is unique in Latin America.

⁴ IBRD. *Economic Development of Iraq*, p. 42.

swamped with the accumulation of cases and documents, weakened by the irresponsibility of many of its members, has not been effective.⁵

In many countries which have been politically independent for a long time, as well as in some newly independent countries, government services which are essential to development are frequently in varying states of disarray and insufficiency: highways and railroads are not maintained, publicly owned and operated telephone and telegraph systems are undependable, schools have severe shortages of teachers, textbooks and even pencils and paper, and hospitals have few doctors and nurses.

The primary administrative task in most ex-colonial territories is to reorient government machinery to meet the demands of accelerated development. The complexities of this task are considerable. But the task is perhaps even more complicated in most countries which have been politically independent for a long time. Administrative structures must not only be modernized to meet the needs of developmental planning; they must also be made to function with tolerable efficiency in providing the usual government services, collecting taxes and preserving law and order.

Development planning puts a special premium on co-operation within government. Ideally, a plan should be prepared with the co-operation and participation of every interested party, both within and outside government. However, a comprehensive or partial development plan can be, and often is, formulated by a few technicians, sometimes assisted by foreign experts, without much recourse to governmental administrative machinery. But it is impossible to implement a plan in this way. A government must usually rely heavily on its administrative apparatus to prepare and carry out projects and programs. It may obtain foreign technicians and contractors to help, but because of the character, volume and continuing nature of project and program preparation, execution and operation, it must, as it should, place great reliance on its administrative machine. It is at this point that the condition of a country's public administration is usually seen to limit development policy and planning.

Of course, administrative inadequacy is not a peculiarity of the less developed countries. It is also to be found in the most advanced countries. But it is a much more urgent problem in the less developed

⁵ *New York Times*, December 23, 1963.

countries than in the more advanced countries because it impedes development. It was not as great a problem when the advanced countries were developing because *laissez faire* generally prevented government administrative systems from getting as involved in the early development of the advanced countries as they now are in the development of the less advanced countries.⁶ In addition, poor countries can afford administrative inefficiency even less than the richer ones. Defective tax systems and tax collection may reduce the amount of funds available for development investment, outmoded budgetary procedures result in the misallocation of scarce resources, and archaic and time-wasting administrative practices slow down the disbursement of available funds for development projects and programs.

BACKWARD PERSONNEL PRACTICES

In many countries, government personnel practices impede development planning. Government employment frequently depends on personal or political influence. Competence or the lack of it is often unimportant. Government offices are generally overstaffed at lower levels with untrained clerks and flunkies, while vacancies for professionally trained personnel at upper levels cannot be filled. Kuwait, for example, has 53,000 employees, excluding the Armed Forces, to serve a total population of 350,000.⁷ Yet there is a great scarcity of talent at the upper administrative levels. Other less developed countries, less affluent than Kuwait, also support a bureaucratic burden disproportionate to their needs and, in many cases, to their financial resources. In Senegal, for instance, two-thirds of budget expenditures are for salaries

⁶ Some writers have made the point that even under *laissez faire*, governments often gave considerable aid to the private sector during early periods of the development of what are now industrialized countries. But such help rarely involved the direct intervention of governmental administrative systems in development activities. In the heyday of *laissez faire*, government administration in what are now the developed countries was probably more deficient than it is today in less developed countries. As Professor Lewis has pointed out (Lewis, W. Arthur. *Principles of Economic Planning*, p. 121), the argument in favor of *laissez faire* was essentially based on the assumed inadequacy of government administration: ". . . eighteenth century writers, who saw the mess that was made by weak, incompetent and corrupt governments, . . . sought therefore to confine the activities of government within the narrowest practicable limits, so as to minimize the damage that they might do."

⁷ Shehab, Fakhri. "Kuwait: A Super-Affluent Society," p. 466.

paid to 35,000 government workers serving a nation of 3 million. As a result, the 1965 budget of about \$144 million was expected to show a deficit of \$20 million.⁸

In Iran, the High Council for Administration estimated that from a total of 260,000 government employees, 60,000 were superfluous.⁹ World Bank survey missions have frequently reported personnel practices which impose serious strains on efficiency in public administration. The mission to Iraq reported that

many government offices appear to be overstaffed, while others cannot obtain extra personnel for essential increases in services. Officials are frequently shifted from one position to another without regard for their qualifications and experience. Often government officials both in the provinces and in the capital do not enjoy sufficient continuity in office to enable them to become really useful. Promotion appears to be based almost entirely on seniority and other considerations rather than on merit. Morale among government servants is generally low [and] many civil servants are compelled to supplement their salaries by engaging in business or accepting other employment with resulting neglect of their official duties.¹⁰

In Syria, also, government salaries are very low and many government employees

eke out a living by taking outside jobs. Some find it difficult to resist the temptation to use their official position as an opportunity for illicit gain. . . . In many cases, they are not placed in positions for which their training and education have especially suited them.¹¹

Inadequate pay is an important cause of slackness and poor work in Thailand's civil service. Comparable jobs in private business pay two or three times as much as in the Government. Many of the ablest people shun government employment and many others leave the civil service as soon as possible.¹² The Government finances training programs for many Thais abroad, but many of the foreign-trained staff are

⁸ *Christian Science Monitor*, January 25, 1965, p. 12.

⁹ Olsen, P. Bjørn and Rasmussen, P. Nørregaard. "An Attempt at Planning in a Traditional State: Iran," pp. 229-230.

¹⁰ IBRD. *Economic Development of Iraq*, p. 78.

¹¹ IBRD. *Economic Development of Syria*, p. 194.

¹² IBRD. *A Public Development Program for Thailand*, p. 226.

given positions upon their return for which they are not suited.¹³ This aggravates the shortage of competent technical, administrative and managerial talent in the country. In Jordan, where political and private influence may result in the engagement of unqualified personnel or in determining promotions, many Jordanians who have studied abroad stay in government service only a short time.¹⁴ And in Turkey,

inefficiency and waste seem to be common. . . . Recruitment often has had no relation to need with the result that many government offices are over-staffed. . . . The inefficient are protected by rigid personnel laws and regulations designed to protect personnel rather than to promote efficient administration. Advancement is not based on merit.¹⁵

Low pay and poor personnel practices are also common in Latin America. While in most countries in the region, a small number of government employees at the top, operating with inadequate help, carry the main burdens of government administration, there is usually a large surplus of poorly trained functionaries at lower levels. Many of these owe their jobs to

the widespread custom of appointing to office the relatives of new presidents, ministers, and other officials, together with a prohibition on the discharge of officials appointed by previous administrations. This is one way of avoiding serious unemployment, but . . . it exacts a toll in the form of low labor productivity.¹⁶

In many Latin American countries, there is usually little prestige in working for the government and capable individuals frequently avoid it. Many employees regard their jobs as sinecures. Prescribed hours of work are not followed and much time is wasted in gossip and extraneous activity. Morale is low. High severance pay and regulations make it difficult to get rid of the incompetent.

Some personnel problems found in the traditionally independent countries (e.g., low salaries, poor placement and promotional policies, frequent and irrational transfer of personnel) are also problems in newly independent countries. But the latter also have some special problems. In many African countries, for example, there is an under-

¹³ *Ibid.*, pp. 220-222.

¹⁴ IBRD, *Economic Development of Jordan*, p. 431.

¹⁵ IBRD, *Economy of Turkey*, p. 199.

¹⁶ Rijken van Olst, Henri. "Economic Development and Cooperation in Latin America," p. 245.

standable tendency for governments to employ their own nationals instead of expatriates. But since there are not enough nationals with education and experience, "Africanization" of government staffs has greatly reduced the number of officials in ministries and agencies who are qualified to prepare and carry out development plans and programs. In some newly independent African countries, African junior officials were promoted to high posts and "frozen" into the civil service system. When better trained Africans return after schooling abroad, they often find it difficult to obtain suitable positions in government because the best jobs have been pre-empted by more poorly prepared officials who stayed at home. Civil service regulations inherited from the colonial period persist although they are often incongruous after independence. Thus, one country gives tropical allowances to its own nationals in the civil service because such allowances were formerly given to civil servants who came from the home territory of the metropolitan power.

When independence came to India and Pakistan, each inherited a disciplined civil service which was probably better trained and superior to civil services in most other emerging countries for the administration of justice, the maintenance of internal order and the collection of taxes. Their great contribution was to keep traditional governmental services going after independence. But by their very commitment to tradition and routine, these civil service systems, arising from a common colonial tradition, demonstrated their inability to operate with the verve and initiative required to carry out development plans. While official policy favored development, there were in many parts of both governments an unavowed attitude which regarded development activity as being of secondary importance. This manifested itself, among other things, in lower pay and less advantageous conditions of service for personnel serving in some development departments and in the fact that junior officials were often assigned to deal with these departments.

Each civil service system, to which recruits are added in carefully controlled numbers, consists of an elite cadre of "generalists" or general administrators whose influence far exceeds its size.¹⁷ The generalists, sometimes at junior levels, have often been in position to pass on technical matters about which they know little. The technicians' lower salaries, promotional opportunities and status, as well as

¹⁷ Burma, Ceylon and Malaya also inherited similar civil service systems.

their frequent exclusion from the formulation of policy, have kept many technicians from seeking government employment. Yet, increasingly government development activity has become more technical, making it difficult for an administrator with only general knowledge to operate effectively. It has therefore become increasingly apparent that the generalist tradition is in need of revision to meet the requirements of developing societies. Some changes have already been made to improve the position of technicians, but much more needs to be done before each system can operate with tolerable effectiveness. Meanwhile, the difficulty of recruiting technicians remains a serious obstacle to development.

DILATORY PROCEDURES

Every country has had some experience with investment projects and programs before it begins to plan its development. But an organized effort at national development planning differs radically from these earlier efforts because it introduces new and unfamiliar entrepreneurial and managerial tasks on an unprecedented scale. Time, which was not very important before, becomes vital. Management is challenged to do all the things needed to marshal resources and reach targets on a fixed schedule.¹⁸ The number of government functions increases greatly. The fulfillment of these functions not only requires the reorientation or modernization of public administrations steeped in old traditions, but their rapid expansion. Autonomous agencies multiply. The number of ministries increases. In Jordan, to cite one example, ministries increased from 5 in 1947 to 15 in 1955. The number of government employees rises. Existing government offices increase in size and the number of their branches grow. Yet the same old administrative procedures—legacies of the past which have been outmoded and made unwieldy by changed circumstances—continue to be followed because of dogmatic adherence to precedent. New procedural practices arise because of the increasing size and scope of administrative structures. But many of these are also inappropriate for development purposes because, as Lord Franks has pointed out,

¹⁸ UN. Seminar on Industrial Programming. *India's Experience in Industrial Planning*, p. 45.

large-scale organization compels men to take many decisions at a point remote from the places where their decisions will take effect. They work on paper. The in-tray and out-tray symbolize the situation. It is easy not to see beyond the paper and hard to preserve a lively awareness of the real issues, human and material, on which the decisions are made.¹⁹

From remoteness born of large-scale organization, from adherence to the past, as well as from caution carried to extreme lengths, arise bureaucratic inertia and "red tape," or as the French call the same thing, *paperasserie*. No subject, however trivial, can be considered until it has been put in writing. But this penchant for putting things in writing does not always lead to appropriate administrative action. Nor does it necessarily lead to the compiling of dependable records. In many countries, disorganized filing systems, antiquated office procedures and the lack of trained stenographers and competent clerks preclude good record-keeping.

In many ex-colonial countries, a system of rigid hierarchical routing of correspondence and other communications delays decision-making. In what is now South Viet Nam, for instance,

when a case calls for an opinion or concurrence from an opposite number in a different service, the file on it ordinarily must ascend to the director of the originating service, who then sends it to the director of the second service for reference down to the appropriate officer. The file is eventually returned along the same circuitous route. Lateral short-cuts are the exception . . . the telephone is seldom used to secure quick agreement by related services on matters of joint concern. . . .²⁰

In India and Pakistan, documents and files must also follow a prescribed series of steps through administrative layers. Papers received in a government office are first routed to subordinate clerical personnel for recording and checking against preceding action. They then are routed to all interested officials, sometimes on the same level, sometimes upward through multiple layers in the administrative hierarchy. Each officer adds his comments, often in considerable detail, in this "noting process." Decisions are made only at or near the top. But

¹⁹ Franks, Oliver. *Central Planning and Control in War and Peace*, p. 28.

²⁰ Sharp, Walter R. "Some Observations on Public Administration in Indo-China," p. 47.

much of the time of high officials is taken up merely with the review of papers and files received from subordinates and in passing them on to still higher officers. In decrying the wastefulness of this process, Pakistan's Planning Board pointed out that

often there seems to be a disposition to shift the file from one office to another, or from one ministry to another. The resultant delays are sometimes unbelievably long.²¹

Many attempts have been made to shorten these delays, either by reducing the number of administrative layers or by the setting of deadlines. But thus far, only peripheral improvements have been achieved.

Because of a general reluctance to take responsibility, administrative procedures which diffuse responsibility are favored. A World Bank survey mission found that in Turkey

group responsibility is often substituted for individual responsibility. Documents must be signed and countersigned by several persons at the expense of much delay and confusion. . . . Lower ranking civil servants feel that safety lies in letting a group or the man above take all decisions. These tendencies are reinforced by the present government regulations which impose on officials personal financial responsibility for errors, including those of subordinates.²²

It is possible that these regulations discourage carelessness, abuses and dishonesty; what is certain is that they deter initiative and the effective action required to carry out development plans.²³

In India and Pakistan, the difficulties and delays of "decision-making by committee" have been compounded by the methods of operation of the generalists who dominate the administrative machinery of their countries. The generalists are expected to administer every kind of program. But since they recognize their limitations and "have been

²¹ Pakistan. National Planning Board. *First Five Year Plan, 1955-1960*, p. 118.

²² IBRD. *Economy of Turkey*, p. 196.

²³ The tendency for committees to multiply is not a problem only for less developed countries. U.S. President Johnson has been conducting a campaign to reduce the number of inter-agency committees in the U.S. Government. He has found that in many instances they waste the time of busy officials, delay action and produce undesirable and weak compromises. But the President has not had much success. During the fiscal year which ended June 30, 1964, 163 inter-agency committees were abolished but 203 new committees came into existence, increasing the total to 560 (*Washington Post*, March 5, 1965).

reared in an administrative system that abhors the making of mistakes,"²⁴ they frequently rely on group action.

The result is a jungle of unnecessary committees. Intelligent and cautious generalist administrators, charged with deciding technical issues about which they are not adequately informed defer to the collective wisdom of a committee of their peers, most of them equally intelligent, cautious, and ignorant of the matters at hand. The committee typically appoints a subcommittee of the same sort, which typically convenes an advisory committee likely to include a number of distinguished industrialists and academicians. While the latter may be generally conversant with the subject at hand they seldom have the incisive knowledge of it possessed in some fields by half a dozen (often younger, but experienced) specialists in the country whom no one gets around to consulting.²⁵

This method of operations has had a dampening effect on the planning process.

Indian planning has tended to be too cautious, too afraid of making mistakes, too little animated with an uncompromising determination to activate idle resources. It still looks too much like what it is—the progeny of an administrative system dedicated to the prevention of wrongdoing rather than to the marshalling and energizing of 'rightdoing.'²⁶

But if individual civil servants at middle and lower levels are unwilling to exercise such discretion as they have to make decisions, there is also unwillingness at higher levels to delegate authority to subordinates to deal with even minor matters. In situations where lack of trust is common, where competence is frequently limited to a thin upper layer of civil servants and where there is a long-established administrative tradition of centralized authority, decision-making tends to be concentrated in the hands of a few top officials. These officials frequently become so overburdened with miscellaneous and routine matters that they have little time to give to policy and other important decisions. A World Bank survey mission to Nicaragua found that in the case of the Minister of Finance,

from 60% to 80% of his office time is spent in signing checks and in receiving private citizens who come to discuss various matters, not

²⁴ Lewis, John P. "India," p. 105.

²⁵ *Ibid.*

²⁶ Lewis, John P. *Quiet Crisis in India*, pp. 135–136.

always directly related to taxation or fiscal administration.²⁷

The failure to delegate authority also leads to wasteful delays at lower administrative levels, to a failure to use available staff effectively and to a failure to develop staff capabilities through use. Since practically every project requires the concurrence of many persons, each of whom can block it, disputes are common. Because authority is concentrated at the top levels, ministers and other high

administrators become embroiled in continual inter-agency conflicts while subordinates piddle away their time waiting for requisite approvals.²⁸

Many of these disputes, despite their minor character, eventually end up in the Council of Ministers, where a great deal of time is taken up with them. Cabinet meetings are also frequently occupied with a host of other trivial operational matters which reduce the time available for important policy decisions. A World Bank survey mission to Thailand reported that

ministers have been known to refuse to decide matters that are clearly within their jurisdiction, preferring instead to pass them on to the Cabinet for collective resolution. The result is an inordinate volume of work for that body, including a large proportion of petty matters with which it should not be bothered—such as civil service promotions, foreign leave for subordinate officers and other issues that should in many instances be decided by heads of departments.²⁹

The time which ministers and other high officials have for important matters is also frequently reduced by the multiple positions they hold. It is not unusual in Ethiopia for a Minister or Assistant Minister to be a member of as many as 10 or 15 boards of directors of government corporations, bureaus and other agencies. Ministers who hold many auxiliary posts must attend meetings which keep them away from their offices for long periods. The World Bank survey mission to Colombia concluded that if the Ministers in that country attended meetings of all the councils and boards of which they were members, they would have

²⁷ IBRD, *Economic Development of Nicaragua*, p. 390.

²⁸ Riggs, Frederick W. "Public Administration: A Neglected Factor in Economic Development," p. 76.

²⁹ IBRD, *A Public Development Program for Thailand*, p. 225.

little time to administer their Ministries or to operate as a cabinet.³⁰ In many countries, ministers are also required to leave their offices for long periods to attend innumerable ceremonies and to make tours related to their duties or for political or other purposes. When they are away, the work of their ministries usually slows down. What a World Bank survey mission found in Colombia is typical of most other Latin American countries:

The number of officials who have the right and privilege of direct access to the President is staggering. The demands on his time arising from relatively trivial matters are such as to leave him little time for the most important matters of state.³¹

As a result, heads of government, as one Latin American President remarked to a visitor, become little more than public relations officers.

Far from objecting to the trivia which consume much of their time and energy, and which prevent them from concentrating on important business, many high administrators consider these things appropriate matters for their attention. For instance, although

the chief administrators of Turkey are overwhelmed with routine and trivial obligations that impair their capacity to give administrative direction or leadership to their agencies, . . . many officials would not know how to justify their existence if they did not sign innumerable papers, receive an endless stream of petitioners and make decisions more appropriate to their subordinates two or three levels removed.³²

The associated problems of overcentralization of decision-making and failure to delegate authority extend beyond ministries, departments and agencies in the capitals of less developed countries into field offices. The World Bank survey mission to Venezuela found that,

despite the federal principles underlying Venezuelan constitutional arrangements, power is very much centralized in the national government located in Caracas. . . . Ministries and agencies of the national government are overly centralized; their field offices and operations are heavily dependent on the national

³⁰ IBRD. *Basis of a Development Program for Colombia*, p. 345.

³¹ *Ibid.*

³² Caldwell, Lynton K. "Turkish Administration and the Politics of Expediency," pp. 131-132.

offices; they are . . . often compelled to refer to Caracas for decision on the most minor problems. This overcentralization leads to a burdensome bureaucracy, a lack of flexibility, and therefore to a diminution in administrative efficiency.³³

It is exceptional when regional, state or local authorities are able to make any but the most unimportant decision on development matters without referring them back to the center of government, where the action files are moved with exasperating slowness up the hierarchical ladder to the top administrative rungs. This leads, in many ministries, to

an intolerable congestion of business in the office of the minister and his immediate subordinates, and many decisions essential to the rapid implementation of a programme of national development are interminably delayed.³⁴

In India, for example,

it still takes weeks, if not months, to obtain an answer to references to certain organisations in the Central Government; the position in State Governments continues to be, if anything, worse. State Governments as well as public sector enterprises have to send their officers to Delhi repeatedly to obtain answers to their references!³⁵

The socialized countries also have their administrative problems. Centralized planning involves much paper work which, in turn, requires large administrative staffs in government and enterprises. It is estimated that over ten million specialized officials in the Soviet Union are engaged in collecting and processing economic data, according to one Russian authority, by 17th-century methods. As a result, central planning agencies are deluged in avalanches of paper.³⁶ Regional and local bodies issue directives for enterprises and collective farms to carry out. Enterprises are required to submit monthly reports on production, employment and productivity as well as estimates of future output and resource requirements to their regional economic

³³ IBRD. *Economic Development of Venezuela*, pp. 9–10.

³⁴ UN. Department of Economic and Social Affairs. *A Handbook of Public Administration, Current Concepts and Practices with Special Reference to Developing Countries*, p. 7.

³⁵ Patel, H. M. "Some Administrative Problems," p. 301.

³⁶ Smolenski, Leon. "What Next in Soviet Planning?" p. 607.

councils. Buyer is separated from seller by many layers of agencies and organizations. In the Soviet Union,

for example, documents concerning distribution of tires pass through 32 echelons, ball bearings through 20 agencies. . . . The prohibitive amount of paperwork involved may be gathered from the well-publicized experience of the Moscow automobile plant named after Likhachev. The documentation required for it to obtain its annual supply of ball bearings from the adjacent GPZ factory weighs over 400 pounds and is handled by 14 agencies.³⁷

Since co-ordination is all important in a system of centralized planning and is difficult to achieve, bottlenecks are common. For example,

a building site in Kuibyshev held up through failure to deliver machinery, which in turn is held up by failures to deliver components to the machinery manufacturers in Saratov, which failure is then traced up the line until it is discovered that the Cherepovets steelworks had been expected to deliver steel from a workshop which had not yet been completed. . . .³⁸

Reluctance to take responsibility, failure to delegate authority and the concentration of power in Moscow over enterprises in all parts of the country have been responsible for bureaucratic delays in settling production and other questions. Attempts to decentralize in 1957

replaced centralized industrial structures with a system nationally territorial, but in fact based on a multiplicity of central agencies . . . but unable to delegate any effective power. . . . These agencies can scarcely do anything which does not impinge on other organizations. The task of keeping them in harmony is of such a nature that new organizations are set up to co-ordinate and to be co-ordinated.³⁹

Bureaucracy in socialized countries dislikes change as much as it does in countries with mixed economies. Attempts by Soviet political leaders to bring about a partial shift in investment resources from heavy industry to chemicals met with widespread bureaucratic resistance. Indeed, Soviet officials have complained that the schedule for developing the chemical industry has lagged "because of bureaucratic inertia."⁴⁰

³⁷ *Ibid.*, pp. 605-606.

³⁸ Nove, Alec. *Soviet Economy, An Introduction*, p. 202.

³⁹ *Ibid.*, p. 205.

⁴⁰ *New York Times*, February 16, 1964.

Administrative problems also hamstring economic activity in other socialized countries. Thus, in a broadcast in February 1964, the Czechoslovakian Prime Minister complained that "People administer too much";⁴¹ and a Communist Party Secretary, addressing the Party Central Committee, announced:

A state of affairs where everybody is responsible for everything and everybody does everything—and which masks profound irresponsibility—can no longer be tolerated.⁴²

But in Czechoslovakia, as in other socialized countries, it is hard to get rid of incompetence in Government because most government employees are faithful party members on whose loyalty the regime counts. Cuba, the youngest of the socialized States, has already encountered the "bureaucratism" which characterizes all countries with centralized management of their economies. The Government blames the mounting red tape on functionaries who, it says, like to head sprawling administrative empires "with plenty of departments, sections, offices and . . . secretaries." To counteract the trend toward more paper work and administrative red tape, a network of regional and local "commissions for the fight against bureaucratism" is being set up.⁴³

ARCHAIC ACCOUNTING AND FINANCIAL CONTROLS

In many less developed countries, the methods of allocating investment funds and the systems of financial accountability and control also have had the effect of unduly delaying development programs. In fact, measures adopted to prevent misuse of government funds or arbitrary action by public officials have frequently proved to be so time-consuming that many countries have been unable, on this account alone, to disburse available investment funds. Ministries of finance generally are able to exercise great control over development activities. But in seeking to protect public funds, they are prone to be more concerned with reducing expenditures than with stimulating development. In Turkey,

the Ministry of Finance enjoys preeminence among the ministries second only to the Prime Minister. As the principal agency of the

⁴¹ *Economist*, February 15, 1964, p. 610.

⁴² *Ibid.*

⁴³ *New York Times*, March 28, 1965.

government for budgeting, taxation and fiscal control, it occupies a position of greater strength than other ministries. Nevertheless it has not assumed leadership in national economic planning and has been content with the exercise of largely negative controls.⁴⁴

Ever since the start of India's First Five-Year Plan, the Ministry of Finance's system of expenditure control has been the subject of discussion and debate, and its restrictive effects have been recognized and deplored. Yet the problem remains unresolved after some 15 years. It is widely believed that

probably the most important source of delay in the execution of projects in India is the procedure involved in obtaining appropriation of funds from the Ministry of Finance. The procedure involves detailed scrutiny of each item of proposed expenditure by the officials of the Ministry of Finance before incurring any liability. The enormous increase in scope of expenditure under development planning makes it impossible to comply with this practice without causing inordinate delays.⁴⁵

Pakistan's experience is similar. In order to reduce expenditures to the level of expected resources and to curb irregularities, the Ministry of Finance in that country had evolved a complicated system for approving expenditures after budgetary allotments had been made, consisting of a series of multiple checks which required a great deal of useless paper work. This system permitted the Ministry to probe deeply into every detail of each proposal which frequently went beyond financial considerations. The expenditure approval system created an illusion of tight central control, with the Ministry of Finance casting itself in the role of sole guardian of the Treasury. In fact, the system did not constitute effective control because decisions on expenditures were actually taken in the operating ministries and agencies. But it resulted in considerable delays which, according to Pakistan's central planning agency, made it take

about a year for the average provincial scheme requiring central review to emerge from the sanctioning machinery.⁴⁶

⁴⁴ Caldwell, Lynton K. "Turkish Administration and the Politics of Expediency," p. 136.

⁴⁵ U.N. Seminar on Industrial Programming. *India's Experience in Industrial Planning*, pp. 48-49.

⁴⁶ Pakistan. National Planning Board. *First Five Year Plan, 1955-1960*, p. 95.

Outmoded auditing and accounting procedures employed by some less developed countries are another common cause of undue delays in carrying out development plans. In several Latin American countries, including Colombia, Chile, Ecuador, Peru and Venezuela, a system of accounting and auditing controls is carried out by a Comptroller General's Office (*Contraloría*).⁴⁷ The *Contraloría* system was established in the 1920's and 1930's as a direct or indirect consequence of the recommendations of the so-called Kemmerer Missions to Latin America, composed of groups of experts from the United States headed by Professor Kemmerer of Princeton University. There is reason to believe that the *Contraloría* system was inappropriate when it was introduced, but there is little doubt that it is unsuitable now.⁴⁸

Under the *Contraloría* system, all proposed expenditures must be pre-audited by the *Contraloría*, whose approval is a legal prerequisite to payment. Most *Contralorías* also maintain centralized accounts for their governments and perform post-audits, in violation of the well established principle of financial administration that those responsible for post-auditing accounts should not have been involved in either the approval of expenditures or the preparation of the accounts which they post-audit.

By shifting responsibility for maintaining accounts from operating departments and agencies in the Executive branch of the Government, where it belongs, to the Comptroller General, who generally owes his appointment to the legislature, the pre-audit and the attendant centralized accounting systems have had the effect of reducing financial responsibility of operating officials. There is a tendency among such officials to propose expenditures on the basis of what the *Contraloría* is likely to approve rather than on the basis of need. Moreover, since they are not required to account for expenditures, officials tend to spend whatever the *Contraloría* approves. Since the rules and regulations promulgated by *Contralorías* are frequently archaic, controls are not always consonant with the public interest. The inordinate amount of paper work usually involved in getting the *Contraloría's* approval also frequently prevents operating officials from giving sufficient attention to the preparation and execution of development projects and programs.

Complicated and time-consuming financial accountability checks frequently used in many countries outside Latin America also are

⁴⁷ UN. Department of Economic and Social Affairs. *Public Administration in Venezuela, 1958-1961*, p. 109.

⁴⁸ Munoz Amato, Pedro. *Introducción a la Administración Pública*, pp. 198-202.

outmoded. The system used in Turkey does not have the intended effect.

Turkey's administration has over-elaborated the machinery of accountability and control to the extent of impeding the public business and discouraging initiative—but it is by no means certain that the machinery is adequate to its purposes. For example, the regulations of the Court of Accounts have been applied in a rigid and unimaginative manner and have contributed little to really effective financial control.⁴⁹

A reasonable number of checks and balances, as well as “red-tape” within limits, is essential to the proper examination and co-ordination of investment proposals. If they are to be considered with care, a certain amount of time must be taken up with the task. But the necessity for each check and the time to be spent on it must be determined in the light of a realistic assessment of the cost in money and time. When the administrative apparatus becomes so clogged with checks and rechecks that the flow of public business is almost halted by bottlenecks at many points on every level, the safeguards may cost more than they are worth. Moreover, many financial checks are applied so mechanistically that it takes little sophistication for operating officials to get around them. On their part, financial officials sometimes evade their responsibility for effective financial control by adhering rigidly to a series of formalistic procedures which provide little protection against inefficiency or corruption. But it is difficult to get people to change old and familiar ways. After many years of effort to modernize Indian procedures, the late Prime Minister Nehru found it necessary to say:

Government officials even today spend hundreds and thousands of rupees to save four annas.⁵⁰ This outlook is old and they must change. Many of them do not take quick decisions but delay the files for days and months. This costs the Government each day Rs. ten lakhs.⁵¹

LACK OF CO-ORDINATION

Centralized decision-making and expenditure controls are sometimes defended as being essential for proper co-ordination of develop-

⁴⁹ Caldwell, Lynton K. “*Turkish Administration and the Politics of Expediency*,” p. 136.

⁵⁰ One-fourth of a rupee.

⁵¹ One million rupees. *Hindu Weekly Review*, December 23, 1963, p. 13.

ment activities. But, as Pakistan's central planning agency pointed out, the kind of overcentralization which existed in Pakistan at the time of the First Five Year Plan and which is common in most less developed countries,

is an ineffective and in fact a spurious form of co-ordination. It exhibits itself in time-consuming, energy-wasting, and patience-exhausting checks and counter-checks, references and cross-references, conferences and consultations, often at the wrong levels and about unimportant matters. Co-ordination in the true sense of unified administrative leadership at vital points is generally lacking.⁵²

Evidence to support this conclusion can be found in almost any developing country. Because true co-ordination is lacking, approved projects frequently fail to get local currency or foreign exchange needed to order raw materials or equipment, or to get approval to engage personnel in time to meet construction schedules. The highway department does not plan its road construction program to meet the needs of agricultural programs being set up by the ministry of agriculture, industrial undertakings being planned by the ministry of industry or port programs being sponsored by the authority in charge of port construction.⁵³ In Jamaica, the Department of Housing was planning to construct a housing project on the same land which the Ministry of Agriculture was preparing to flood for an irrigation project. In Madagascar, the Ministry charged with repaving a highway after the Ministry of Telecommunications had placed telephone cables underground, repaved the highway before the Ministry of Telecommunications had laid the cables. Many other examples of this kind can be cited since incidents which reveal lack of co-ordination among government ministries and agencies constantly recur in many countries.

Co-ordination of development activities is made difficult in many countries because responsibility for different aspects of a project or program are divided, often incongruously, among many ministries and agencies. In Iran, according to the Plan Organization,

the planning and execution of each major program within the Plan involves more than one public agency. The divided responsibility

⁵² Pakistan. National Planning Board. *First Five Year Plan, 1955-1960*, p. 94.

⁵³ See, for example, Stone, Donald C. "Government Machinery Necessary for Development," p. 57.

and often independent policy pursued by these agencies have led in many instances to confusion, waste and duplication. This has been true to some degree in every field—communications, industry, social affairs, and agriculture.⁵⁴

This excessive fragmentation or duplication of functions makes it hard to get all government entities concerned to do what is needed to carry out projects and programs in accordance with a coherent policy. Waste and duplication are the frequent results. The existence of two government agencies in Spain engaged in irrigation work led to overlapping of functions and contributed to the accumulation of a large number of partially completed projects.⁵⁵ In Turkey,

extensive confusion and an acute lack of coordination are uppermost among electrification problems. Numerous organisations perform identical tasks independent of one another. Due to such duplications, electrification work is conducted in an unplanned and uncoordinated fashion. This in turn gives rise to excess capacity in certain regions and shortage of supply in others. Moreover, scattered and uncoordinated efforts lead to unnecessary and undesirable conflicts, duplication and wastage of resources and manpower among various agencies and organisations.⁵⁶

A similar complaint was made by Thailand's planners:

There are at present no less than six semiautonomous Authorities concerned with the planning, generation and distribution of electric power. This multiplicity of separate agencies not only inflates overhead expenses but results in imperfect coordination and lack of uniformity in regard to standards, procedures, equipment and technical practices.⁵⁷

In Morocco, the progress of a sugar beet project was long delayed because the three agencies involved were unable to agree on their respective roles. A project for a chemical complex was discussed for several years with little to show.⁵⁸ Lack of co-ordination among organizations engaged in parallel activities has equally serious repercussions in the USSR. According to one Soviet official,

⁵⁴ Iran. Plan Organization. *Review of the Second Seven Year Program of Iran*, p. 16.

⁵⁵ IBRD. *Economic Development of Spain*, p. 280.

⁵⁶ Turkey. State Planning Organization. *Program for the Year 1962*, p. 44.

⁵⁷ Thailand. National Economic Development Board. *National Economic Development Plan 1961–1966, Second Phase: 1964–1966*, p. 105.

⁵⁸ Waterston, Albert. *Planning in Morocco*, pp. 40–41.

a substantial shortcoming in the organization of material-technical supply is parallelism in the work of organizations of the State Planning Committee of the USSR, the state planning committees of the Union Republics and economic councils. Thus, in the Russian Federation, the Ukraine, Kazakhstan and Uzbekistan, in addition to the material-technical supply bodies of the economic councils, offices and points have been set up under the state planning committees of the Union Republics. All this leads to a situation in which, despite adequate total resources of various raw materials, supplies and equipment, some plants and construction sites experience a shortage while superfluous stocks are available in other areas.⁵⁹

It is hard enough to co-ordinate development activities of government ministries, departments and agencies in the capital city; it is even harder to co-ordinate them as between the central government, on the one hand, and the provincial and local governments or field offices, on the other. Civil servants generally prefer to live and work in the relatively more attractive conditions of the capital. Few travel far from home or travel frequently enough to become familiar with problems as they exist in the hinterland. There is a lack of reliable information about the needs and progress of development outside the capital and the larger centers of population. Poor communications between central authorities and those in the provinces, districts and villages or other local areas also work to reduce the flow of information from the central government to officials in outlying areas. In Latin America,

the great ethnic and geographic distances which separate the inhabited provinces of some of these countries from their capitals, not to speak of the educational abyss which lies between them, make the solution of the administrative problems even more difficult. In no part of the world are regional and local separateness and cultural autonomy more notable than in most of Latin America and, paradoxically, in very few places is complete centralization of administrative operations more prevalent.⁶⁰

Administrative interconnections generally become more tenuous and less certain the further one goes from the capital. In India,

⁵⁹ Miroshnichenko, B. "Some Problems of National Economic Planning at the Present Stage," p. 16.

⁶⁰ Emmerich, Herbert. "Administrative Roadblocks to Co-ordinated Development," p. 346.

such measures as the government is taking to promote rural advance tend to peter out the nearer they approach the actual village level. The pyramid of Indian bureaucracy, immensely efficient at the top, crumbles at the point of impact with the masses, particularly in the agricultural sector.⁶¹

INADEQUATE ORGANIZATION

The lack of effective administrative organization for agriculture is especially notable in most less developed countries, and the establishment of a new, independent administrative agency has often been a favored panacea for dealing with it. A group of officials sent by the Indian Government to various states in 1963 to review the progress of agricultural programs, reported

‘unsatisfactory administrative and organisation’ arrangement was by far the most important single factor responsible for poor results in agriculture. This automatically led the Agriculture Ministry to set up a Working Group ‘to review the existing arrangements and suggest concrete measures for bringing about adequate co-ordination within the entire administrative and organisational structure.’⁶²

The problem of administrative organization has often been turned over to such special working groups and their deliberations have often led to the creation of new agencies. This has led to a proliferation of government agencies and even greater need for co-ordination. A World Bank survey mission to Spain found that the central problem in the field of agricultural development was inadequate co-ordination, both in Madrid and in the field, arising essentially from the establishment of a large number of autonomous and semiautonomous agencies.⁶³ Another World Bank survey mission to Colombia found that the pronounced tendency in that country’s Government toward the creation of a new agency for every new function had unduly diffused governmental powers and made it hard to plan effectively.

Numerous agencies are involved in almost every field of activity, often with little coordination. In the field of agriculture alone,

⁶¹ *Economic Weekly*, Vol. XV, No. 44, November 2, 1963, p. 1811.

⁶² *Ibid.*

⁶³ IBRD. *Economic Development of Spain*, pp. 308–311.

there are twenty or more agencies, corporations or boards, in addition to the Ministry, whose activities affect agriculture in one way or another. Under such a setup, it is difficult to plan a coordinated program for agriculture as a whole, to determine the proper degree of emphasis on different parts of the program, establish priorities and provide for a rational allocation of available funds.⁶⁴

In some countries, administrative reform follows a pattern of frequent and haphazard changes in organization, often superficial in nature, which also makes it difficult to carry out plans. In Pakistan, for instance, there have been cases where projects have been transferred from one agency to a second and then to a third within the space of a few months. Where new agencies have been created, they sometimes did not have enough people to carry out projects entrusted to them. In many agencies, top officials have been changed so often that they have not had a chance to familiarize themselves with their jobs before they are transferred. In other cases, they have been transferred to posts where they have had no opportunity to use specialized knowledge acquired in previous posts. One reason for the problem is the rigid concept of seniority which prevails in the civil service. If one official is promoted, mechanical application of the rules requires the upward movement of every other official in the hierarchy below him. This system of frequent rotation may have helped broaden the outlook of generalists when one administrative job was not basically different from another. But today, when specialized experience takes time to acquire, frequent transfers or transfers to positions where there is no opportunity to use scarce skills, tend to aggravate the acute shortage of experienced managerial leadership. Moreover, because of frequent shifts in or lack of staff, it has not been unusual to find projects languishing or even abandoned.⁶⁵

There is much to be said in favor of creating autonomous public corporations or authorities when they offer clear advantages over regular government ministries and departments in preparing, executing and operating development projects and programs. Such advantages are generally evident when projects differ in important respects from activities normally carried on by governments, as in the case of economic projects, especially if their operation involves the sale of a commodity to the public. They may also exist in the case of regional

⁶⁴ IBRD. *Basis of a Development Program for Colombia*, p. 344.

⁶⁵ Waterston, Albert. *Planning in Pakistan*, p. 118.

development, where in the interest of efficiency, it is desirable to consolidate all work on projects which cut across the jurisdiction of several government departments. But where autonomous agencies are established to perform public services normally conducted by regular government offices in an effort to escape existing administrative deficiencies or onerous financial and accounting controls, they are likely to create more problems than they solve.

For one thing, proliferation of autonomous bodies may undermine the effectiveness of established ministries. In Colombia, for example, the continual sloughing off of responsibilities from the Ministry of Agriculture in that country as the number of autonomous agencies handling agricultural matters increased, eventually reduced the Ministry to little more than an organization on paper. Similar problems have accompanied the increase in the number of autonomous agencies in other countries. Thus,

the proliferation of autonomous entities, as it has occurred in El Salvador, favors irresponsibility in the conduct of public programs, makes it extremely difficult to secure the coordinated planning and administration of public works and services, fosters paralleling and duplicating programs with the attendant inefficient use of limited public resources, and contributes substantially to overburdening ministers and other top officials of the Government.⁶⁶

The increasing use made of autonomous public enterprises for development purposes has also raised a number of administrative problems which have in most countries been only incompletely resolved. One serious problem has been the difficulty, because of scarcity and other reasons, of selecting suitable personnel to manage public enterprises. Some public enterprises have not been as effective as they could have been because their top management, by training and experience, has been more qualified to handle traditional government functions than the technical business tasks of public enterprise. But the big problem has been how to reconcile the requirements for a coordinated development policy for the public sector with the autonomy needed for efficient management of the enterprise. On the one hand, some of these public agencies have been granted such complete autonomy that governments are prevented from including activities of public agencies in plans for developing the public sector. On the other

⁶⁶ Public Administration Service. *A Program of Administrative Improvements for the Government of the Republic of El Salvador*, p. 11.

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hand, autonomous agencies have been hamstrung by political interference with their internal management, by burdensome and restrictive government procedures and by their inability to obtain necessary financial and other clearances to carry out their mandates.

MALADMINISTRATION AND THE PRIVATE SECTOR

To get a permit to graze his cattle on government land, a villager in one country normally is required to go eight times to four offices located in two different cities.⁶⁷ To obtain approval for a business transaction frequently requires a businessman to fill out numerous forms,⁶⁸ to visit several government offices and to wait outside offices for long periods, sometimes for many days. According to Mr. G. L. Bansal, of the Federation of the Indian Chambers of Commerce and Industry (FICCI),

for an Indian businessman to build himself a plant these days, even with private capital, he must deal with his own state government first and then go to New Delhi to the Ministry of Industries, then the Ministry of Finance and finally the Planning Commission—all before being granted the necessary permit.⁶⁹

Foreign investors must go through an even greater number of steps to obtain the Government's approval. Under procedural formalities existing in early 1965, they must obtain:

- (a) An industrial license under the Industries Development and Regulation Act of 1951.
- (b) Approval from the capital goods and the foreign agreements committees.
- (c) Approval for the issue of any capital stock under the Capital Issue Act of 1947.
- (d) A license to import capital equipment and machinery under the Imports and Exports Act of 1947.
- (e) An approval from the Reserve Bank under the Foreign Exchange Regulation Act of 1947.

⁶⁷ U.N. Department of Economic and Social Affairs. *A Handbook of Public Administration, Current Concepts and Practices with Special Reference to Developing Countries*, p. 26.

⁶⁸ Ram, Bharat. "Government and the Private Sector," p. 423, mentions a study which found that "there were nearly 312 forms and returns prescribed by various Government agencies for the textile industry."

⁶⁹ *Washington Post*, September 16, 1963.

- (f) A certificate of incorporation under the Indian Companies Act of 1956.⁷⁰

Little wonder, then, that

the formidable array of forms to be executed and officials to be consulted greatly discourages both the domestic investor and the foreign investor or collaborator.⁷¹

Indian government regulations require that official decision on applications for industrial licenses must be taken within a period of three months. But a committee established by the Government, which made a study of eight applications for industrial licenses, chosen at random, found that in six of the eight cases, the time taken for action ranged from 150 to 396 days.⁷² Another leading spokesman for private business in India and a former head of FICCI, Mr. G. D. Birla, addressed a letter to the Prime Minister in which he indicated why he thought Indian businessmen had to contend with administrative delays:

The indecision in the administration is most frustrating. I can understand where there is a controversy. But where the Government has agreed on certain principles, even then the final decision is not taken. The officers, I fear, are afraid to take decisions because when you take decisions you make some mistakes for which blame may be apportioned later. The safest position, therefore, for the services to avoid mistakes is not to act. This, I fear, is happening in India at present. By this delay we have lost hundreds of crores in foreign exchange and in production.⁷³

Foreign investors also manifest considerable frustration. One foreign business executive operating in India reported that

bureaucratic red tape and delays are particularly irritating, to the point that in certain cases we have foregone opportunities rather than fight through the procedural battle.⁷⁴

The interminable delays in getting government approval of transactions in the private sector, the necessity for businessmen and others to scurry from one government office to another, and to wait outside offices for a long time in order to complete their business, create

⁷⁰ Negandi, Anant R. "GOI's Decision-Making Apparatus," p. 131.

⁷¹ *Ibid.*

⁷² *Economic Times*, January 14, 1964.

⁷³ *Economic Times*, October 27, 1963. A crore equals 10 million.

⁷⁴ Negandi, Anant R. "GOI's Decision-Making Apparatus," p. 133.

dissatisfactions among citizens, which reflects itself in widespread public criticism of government administration. Civil servants are often charged with arrogance and aloofness in dealing with the common people. Typical of these criticisms is the one in the Karachi newspaper, *Dawn*:

There should be greater contact with the masses than in the past. The policy of aloofness in official dealings should be discarded. And it should not be considered beneath the dignity of a civil servant to pay frequent visits to remote and inaccessible areas within their jurisdiction for examination, study and discussion of the problems of the day. There should be more field work and less of desk notings.⁷⁵

Businessmen feel, as one well-known Indian industrialist has said, that the implementation of regulatory policies and measures which affect the private sector is

left in the hands of civil servants who, because of their different training, background and outlook, frequently fail to understand or appreciate the *practical* difficulties of the businessman. Indeed, it would not be an exaggeration to say that they sometimes do not even understand each other's language.⁷⁶

Delayed granting of permits and licenses to import, to establish enterprises, to obtain needed transportation facilities, or to carry out other business ventures develop pressures which induce favoritism, nepotism, bribery and other abuses. The system of *bakshish*—i.e., extralegal fees which businessmen pay civil servants to speed administrative action—has been defended as the lubricant that makes the administrative machinery operate quickly.⁷⁷ Some inducement must be offered hesitant administrators if they are to take the risk of sidestepping the rigid administrative systems for the sake of speedier action.

By injecting a new element of personal motivation, the illegal fees paid by businessmen to local administrators often provide the

⁷⁵ *Dawn*, April 24, 1963. It is interesting that in the USSR, also, "Centralized Bureaucracy is criticized as being separated from life, as giving directions without knowledge of local conditions." Hulička, Karel. "Political and Economic Aspects of Planning of the National Economy in the USSR and the Soviet Bloc," p. 261.

⁷⁶ Bansal, G. L. "Liaison Between Government and the Private Sector," pp. 32–33.

⁷⁷ Weiner, Myron. *Politics of Scarcity*, p. 120.

necessary incentive to speed decisions. Many economic activities would be paralyzed were it not for the flexibility which *bakshish* contributes to the complex, rigid administrative system.⁷⁸

But if graft quickens decisions, the manner in which it is done and the results obtained cannot fail to introduce serious difficulties in the development process. In some countries, charges of corrupt practices in the conduct of public business compete with countercharges of bribery of public servants by businessmen who seek special treatment for themselves. Besides its undesirability on ethical grounds, graft is economically undesirable because it frequently results in increasing the cost of development by persuading public administrators to select less than the best available choice among development alternatives.

Corruption is a blight which affects the administration adversely in many directions. Such a weakening of the administration has a direct effect on the efficiency of Plan implementation. The appointment of the less efficient, the selection of the more costly contractor, or the award of an industrial licence to the less competent party, in each case because of a bribe—these and many other 'distortions' have affected the progress of the Plan considerably.⁷⁹

Nevertheless, it is not corruption which increases development costs most. As Professor Arthur Lewis told a group of economists in Ghana:

We hear much about corruption in under-developed countries but the harm done by bribery or by theft seldom exceeds hundreds of thousands of pounds a year, and though morally deplorable, is quite small when compared with the harm which is done by appointing people to big jobs which they are not competent to do properly.⁸⁰

The cost of corruption is also smaller than the cost of time-consuming administrative procedures and official circumlocutions which delay necessary action unduly. When civil servants, in attempting to protect the public interest, take a rigid approach to government business, the cure may be worse than the disease.

Too much precaution to avoid an error and too much pains to do a thing well can run up costs, delay action and create annoyance for

⁷⁸ *Ibid.*, p. 235.

⁷⁹ "Dhanam," in *Economic Times*, November 5, 1963.

⁸⁰ Lewis, W. Arthur. "On Assessing a Development Plan," pp. 5-6.

the general public comparable if not equal to that which results from incompetence, indifference and dishonesty.⁸¹

DEALING WITH ADMINISTRATIVE OBSTACLES

The Difficulties of Reform

Every country which starts to plan its development seriously has recognized the urgent need for improving its administrative apparatus. Every well-prepared plan mentions basic administrative reforms which are essential to its implementation. Pakistan's First Five Year Plan devoted a whole chapter to needed reforms. Each of India's three five-year plans contained recommendations for reforming or expanding administration in the Central Government and in the districts, and no doubt the Fourth Five-Year Plan will have more recommendations on the subject. "In order for Turkey to prepare and implement plans," stated that country's *Draft Program for 1962* on its very first page, "it is necessary to undertake a task of administrative reorganization." "Experience shows," wrote the former head of the UAR's central planning agency,

that far-reaching improvements in public administration are required if the goals of economic and social development are to be reached.⁸²

In Latin America, Africa and Asia, conferences of planners have recorded their conviction that administrative reform is essential to successful development planning. Typically, delegates at the 1961 Conference of Asian Planners

emphasised that deficiencies in the administrative machinery constituted a major obstacle to the effective implementation of development plans. The reform of the administrative structure, its strengthening and reorganization . . . had to be carried out urgently if the administration as a whole of each country was to be fully geared to the enormous obligations which planned development placed upon it.⁸³

⁸¹ Hyneman, Charles S. *Bureaucracy in a Democracy*, p. 524.

⁸² Abdel-Rahman, I. H. and Ramzi, M. *Organizational and Administrative Aspects of Development Planning*, p. 33.

⁸³ UN. ECAFE. "Economic Development and Planning in Asia and the Far East," *Economic Bulletin for Asia and the Far East*, December 1961, p. 80.

Attempts to raise the standards of public administration in countries with extended planning experience go back a long time. For instance, a committee established in 1946 by Iran's Central Bank to formulate a development plan for the country produced a report which called attention to the need for administrative reform. Since then, many reports have been written in Iran in the same vein. Between 1956 and 1961 alone, foreign experts produced for the Iranian Government over 150 papers on a variety of public administration problems requiring action.⁸⁴ In the Philippines, a Government Survey and Reorganization Commission produced a series of plans for reorganization, but

in the main, the commission's proposals have been idealistic, formulary schemes for improving executive direction, coordination, and control. . . . [The Philippine Congress approved many of these proposals but in practice] there is often a marked discrepancy between what actually transpires in administration and what the Statutes and administrative orders prescribe.⁸⁵

Since Pakistan's independence, foreign and domestic experts on public administration have submitted several extensive reports to the Government which called for a variety of fundamental administrative reforms in the Central and Provincial Governments. India probably holds the record for the number of comprehensive reports on administrative reform:

Sometime during his tenure of office every Home Minister feels that the time has arrived for him to give attention to the problem of administrative reform. The result is usually the appointment of a commission or a committee to make yet another thorough investigation of the problem as a whole. The knowledge that the subject has in fact been thoroughly investigated any number of times before—the precise figure is apparently 16 since independence, that is to say, an average of a report a year—rarely proves a deterrent.⁸⁶

In each report, the nature of the problem and the appropriate solutions are detailed by experts. There is, therefore, no dearth of knowledge of why there are administrative delays, wastefulness and inefficiency or what needs to be done to correct the deficiencies. The

⁸⁴ The titles are listed in Harwood, Wilson R. *Advice to the Plan Organization of Iran, 1956-61*.

⁸⁵ Parsons, Malcolm B. "Performance Budgeting in the Philippines," p. 177.

⁸⁶ *Economic Times*, November 27, 1963.

problem is how to get it done. It has proved easy to "solve" administrative problems by redrawing organization charts, showing unequivocal chains of command and logically deployed personnel, and indicating who makes decisions on whose advice and gives orders for execution to whom. It has also become evident that there are usually several ways of solving an organizational or other administrative problem. Experts from different countries have produced differing formulas for correcting specific administrative deficiencies, each based on a particular national experience, all of which appeared to be equally workable. The precise formula adopted has shown itself to be less important than achieving the desired result. But the desired result has generally been elusive.

Periodic reshuffling of government departments or the establishment of new agencies have frequently brought little or no improvement. The reorganized or newly created organization has been found not to be immune from the administrative maladies that afflicted its bureaucratic predecessors. It is true that every government administration can be improved by streamlining and that faulty structure can frustrate the best administrators. But the crucial administrative task has been not so much in finding a correct organization as in devising effective working relationships among those whose responsibility it is to make decisions. It is in this area that the least progress has been made in adapting administration to the needs of development planning. Despite some successes, attempts to reform public administration in less developed countries often appear to be a losing battle. A member of India's Planning Commission frankly conceded in 1963, after many years of effort to improve administration in that country, that

experience in the past two years has tended to strengthen the view that in its structure, methods of functioning and capacity to meet the requirements of rapid development, the administration has not been able to catch up, and the distance may be increasing rather than diminishing.⁸⁷

Unfortunately, this also describes the situation in most other less developed countries.

Many reasons, some simple and others complex, have been advanced to explain why public administration in less developed countries has proved to be difficult to improve and "why there is often a big gap

⁸⁷ Singh, Tarlok. "Administrative Assumptions in the Five-Year Plan," p. 336.

between knowing and doing.”⁸⁸ Increased size of administrative machinery once a government embarks on development planning, scarcity of trained and experienced personnel, lack of political stability and maturity, pressures from vested interests, the force of deeply rooted traditions, as well as underlying cultural, social and psychological values, have each been mentioned as accounting, in varying degree, for the tenacity of old administrative institutions and methods. One author suggests that

the problems of administration in developing nations arise mainly as a result of the conflict between tradition and modernization. On the one hand, administration is still based on the earlier bureaucratic pattern and has to function in a traditional society; on the other hand, excessive reverence for traditional administrative forms and procedures and failure to rationalise and reform the administration leads to much frustration.⁸⁹

Whatever factors govern in a particular country, they impart to public administration

a certain persistency, a built-in resistance to change and a capacity for evasion which would break the heart of any would-be reformer. This is the reason why so many attempts made in the past to remodel administrative procedures have all come to nought. . . . At bottom, it is a question of the official's attitude to work and performance and his feeling for public good that is decisive. Thus, the key problem is really how to bring about a change for the better in the fundamental attitudes of our public servants.⁹⁰

Many, perhaps most, planners and public administration experts take the position that administrative improvement is a pre-condition to sustained development. But another view is that good administration is a consequence of development, especially development of an industrial base, which then provides the great impetus needed to improve patterns of administration.⁹¹ There is, finally, the position that administrative reform is neither cause nor effect but a concomitant of development. Thus, Professor Albert O. Hirschman has sought to demonstrate

⁸⁸ Hartog, Floor. “Economic Development and Cooperation in Africa,” p. 198.

⁸⁹ Bhalerao, C. N. “Substantive Forces in Indian Administration,” p. 1681.

⁹⁰ *Economic Times*, August 1, 1963.

⁹¹ Mello e Souza, Nelson. “Public Administration and Economic Development,” p. 163.

that a society can begin to develop by neutralizing or even by making beneficial use of such well-entrenched obstacles to change as bad administration.⁹² There are, therefore, differences among experts about whether administrative improvement must precede, follow or accompany development. But there is no disagreement that improvement takes a long time to achieve.

Although the difficulties of improving administration are clear, planners often appear to ignore them in preparing plans. In one African country, for example, the ten technicians plus some clerks and stenographers who constituted the staff of the central planning agency were scattered in two separate buildings, with the personnel in one of the buildings distributed on two floors. It is understandable why the head of the agency felt frustrated when he could not get an administrative decision on his repeated requests to consolidate his staff in one location, despite his strenuous efforts to this end over a three-year period. Yet, the planning agency he headed was producing plans during this time whose successful implementation depended on fundamental improvements in the government's administrative machinery in the immediate future. Africa is not alone. A report of the Pan American Union concluded that in Latin America

most economic and social development plans are made upon an unrealistic basis. . . . Usually lacking is an evaluation of the operative capacity of the administrative machine to accomplish that part of the over-all development plan that is the responsibility of the public sector.⁹³

Because so many planners and public administration experts believe that administrative reform is a prerequisite to development, many plans are drawn up which depend for their implementation on basic changes in administration during the few years of a medium-term plan. These plans sometimes call for a comprehensive reorganization of the executive branch of government to conform with practices in advanced countries as though this were both needed and feasible. This is a naïve approach to the problem because it is neither likely to happen nor desirable that it should.

A lesson of experience is that, even under the most favorable

⁹² Hirschman, Albert O. *Journeys Toward Progress: Studies of Economic Policy-Making in Latin America*, p. 6.

⁹³ OAS. Department of Economic Affairs. *Rio Organization and Methods Workshop, Development Administration Program, Public Administration Unit*, p. 21.

circumstances, administrative reform only comes gradually as development proceeds and not through a wholesale recasting of organizations and procedures carried out in a short period:

'Administrative reform,' like planning, instead of being the sporadic result of efforts confined to one period of government, must be a continuous process of adapting techniques, legislation and structure to the country's growth. Thus administrative reform and programming are not only directed to the same ends, but since both must be continuous processes, they will be carried on side by side.⁹⁴

Proposals for revising administrative systems in less developed countries are often made by foreign experts who are guided by principles which work well in advanced countries. The application of these principles may require major innovations or the grafting on of institutional forms which are alien to the traditions of the country receiving advice. In many cases, therefore, less developed countries either refuse to adopt the proposals or, if they adopt them, find that they do not work well because they are not accepted. Experience indicates that

adaptations and the introduction of changes are accomplished more readily where the established and traditional institutions are used and radical reforms in administrative structure and procedures are not insisted on as a primary objective.⁹⁵

Everyone involved in government operations is only too well aware that ineffective administration seriously limits implementation of plans, but there is often a lack of communication between planners and public administration experts about what should be done about it. The practitioners in each field tend to adopt parochial views about the importance of their own specialities. Those in public administration have not been development-minded.⁹⁶ They sometimes think of public administration as a separate matter from development—something in and of itself. On the one hand, reports by public administration experts, with their urgent recommendations for revising administration from top to bottom, have an unspecific eloquence with which it is hard

⁹⁴ UN. TAA. *Introduction to Public Administration in Development Policy, Preliminary survey of the experience of several Latin American countries*, p. 45.

⁹⁵ *Ibid.*, p. 3.

⁹⁶ Spitz, A. A. and Weidner, E. W. *Development Administration, An Annotated Bibliography*, pp. vii–viii.

to find fault, but which often seems wide of the mark to planners. As two public administration specialists have pointed out:

As a whole, public administration writers remain intrigued by civil service, budgeting, O and M,⁹⁷ and bureaucracy, but not with the development objectives that may be achieved by them.⁹⁸

On the other hand, planners and other officials are often unable or unwilling to give administrative reform the high priority it deserves. After studying on-the-spot administrative impediments to development in Colombia, India, Indonesia, Iran, Nigeria, the Philippines, Sudan, Thailand and the United Arab Republic, among other countries, Dr. Donald C. Stone, Dean of the University of Pittsburgh's Graduate School of Public and International Affairs, an authority on public administration in developing countries, concluded:

Most persons charged with planning and other development responsibilities in individual countries, as well as persons made available under technical assistance programs, do not have adequate knowledge or adaptability in designing and installing organizations, institutions, and procedures suitable for the particular country.⁹⁹

Thus, planners rarely attempt to integrate a systematic program for improving or expanding administrative machinery with their development plans. Instead,

planners talk eloquently of goals and objectives, but administrative implementation tends to be neglected in favor of resounding policy directives which carry no executive bite.¹⁰⁰

Planners have an obligation to go beyond a mere listing of administrative shortcomings which impede development and recommending that they be corrected. They must include in their plans specific measures for creating an administrative system which can produce and carry out development plans. When planning or other experts

discover an 'obstacle' such as poor public administration, . . . their job does not consist in merely advising its removal; they ought to explore also how, by moving the economy forward else-

⁹⁷ Organization and Management.

⁹⁸ Spitz, A. A. and Weidner, E. W. *Development Administration, An Annotated Bibliography*, pp. vii-viii.

⁹⁹ Stone, Donald C. "Government Machinery Necessary for Development," p. 53.

¹⁰⁰ Fainsod, Merle. "The Structure of Development Administration," p. 1.

where, additional pressure (economic and political) could be brought on the obstacle to give way.¹⁰¹

But since good planning demands a proper skepticism about the possibilities for over-all administrative reform in a short period, planners must help set more limited but more practicable goals for eliminating specific obstacles to development. And they must recommend how pressure can be brought to bear on them to make the obstacles give way.

The Nuclei Approach

It may be that the trouble with most efforts to improve administration has been that too much was attempted at once. In any event, little has been accomplished by a comprehensive approach to administrative reform. While haphazard, piecemeal improvements are also of little value, a more limited approach directly oriented to development efforts may prove to be more successful. For example, instead of insisting on an "all or nothing" basis, on drastic, across-the-board changes in personnel practices, administrative procedures and organization, it might be better to select a few large or otherwise important projects or programs and concentrate on improving administration and organization to the extent required to facilitate the preparation, execution and operation of these projects or programs. These projects or programs might be in an economic sector or a geographic region. Administrative reform might be centered in a ministry or department; a regional organization; or another kind of autonomous or semiautonomous corporation or agency. The establishment of such "nuclei" of administrative reform would, it is true, provide only modest improvement immediately.¹⁰² But it would create springboards for more sweeping reforms later.

It would be desirable, of course, to relate these nuclei of reform to a comprehensive program for improving public administration. For this purpose, as well as to provide a basis for wider reforms, it would be useful to have such a program, at least in broad outline, for every country which planned its development. The "nuclei approach" would

¹⁰¹ Hirschman, Albert O. "Comments on 'A Framework for Analyzing Economic and Political Change,'" p. 41.

¹⁰² However, the marginal return from the concentration of limited technical resources might well be higher than from a more even distribution of these resources.

not be an alternative to comprehensive reform, but an adjunct. The comprehensive and nuclei approaches would constitute two variables in a co-ordinated approach to administrative betterment. The extent to which each variable was employed in any country would be determined by the prevailing conditions. Wherever over-all reform was feasible, there might be little need for nuclei of reform. In some circumstances, both comprehensive reforms and the nuclei approach might yield the best results. But where comprehensive reform was unlikely, the nuclei approach might be the only practicable alternative. In all countries, attempts could be made at appropriate times to introduce over-all reforms based on the comprehensive program for improving public administration. These efforts would surely be aided by the existence of nuclei where reforms consonant with the program had already been instituted.

The ability to select viable nuclei would be an important determinant of the success of this approach. The ideal nucleus is a project or program in an economic or social sector or in a geographic area where there is a recognized need for economic or social development backed by a powerful group or entity which stays powerful and interested long enough to allow reforms to be institutionalized. More is, therefore, needed than the presence of a strong administrator in an organization, or a vested interest promoting a project or even an urgent need for administrative or other reform. It is not enough to select as a nucleus a program or a place where there is a demonstrated need for action (e.g., for improving education, whether national or regional), even if sponsored by vested interests (e.g., teachers), if they are not sufficiently powerful to exert sufficient pressure on the political authorities. Conversely, the mere existence of a capable administrator in an organization or a powerful pressure group sponsoring a program or project where there is no imperative need for action is not enough to constitute the organization, program or project as a nucleus because the expenditure in time, effort and money cannot be justified on economic or social grounds. Where an otherwise worthwhile project or program lacks capable personnel or powerful sponsors, an attempt must be made to get them. This may not be as difficult as it seems if there is, in fact, a recognized need for action in the field concerned. Thus, if an influential government official, the business community or an organization which is prepared to aid in financing will back a project or program, the chance of establishing a viable nucleus of administrative reform is, of course, much improved.

Given the instability and lack of commitment to development of some governments which makes the nuclei approach worth trying, there is much to be said for enlisting the support of groups outside government for worthwhile projects and programs around which nuclei of administrative reform can be erected. The World Bank has co-operated with borrowing countries to establish nuclei of administrative reform in connection with Bank loans for specific projects. In Colombia, for instance, reforms instituted in the Highway Department of the Ministry of Public Works when a loan for highways was under discussion provided for reorganizing the Highway Department, improving disbursement and administrative procedures, higher remuneration for engineers who were needed to fill long-standing vacancies, elimination of incompetent personnel, etc. The Bank's willingness to support these reforms with a development loan made it easier for highway officials in the Ministry to obtain the Government's approval for the needed changes. This experience and similar ones elsewhere suggest that the establishment of such nuclei might be facilitated if an international financing agency participated in the effort.

If the "nuclei approach" works as it should, improved administration should result in reducing both the financial cost and the time of execution of the most important projects. The actual number of nuclei which could be expected to operate effectively at the same time would depend on what opportunities existed for introducing improved administration at various points in a government. These opportunities are not likely to be many. Since the nuclei approach could not be used for most projects and programs in a plan, it would be prudent to assume that the cost of most projects and programs would be increased and their time of execution would be lengthened because of administrative inadequacies. Rising standards in administration might bring some reductions in costs and times of completion, but experience indicates that not too much improvement can be expected within the period of a medium-term plan.

Measuring Administrative Capacity

A realistic evaluation of the possibilities for reform is essential if reliable estimates are to be made of the cost of, and the time needed for, achieving plan targets under prevailing administrative conditions. Failure to appreciate fully the high cost of inefficient organization and administration and the time required to eliminate inefficiencies are

major reasons for underestimation of the cost of, and the time needed for, reaching plan targets. Yet, most plans continue to be prepared without relevance to administrative capacity.

It should not be very difficult to produce reasonable estimates of the cost of administrative inefficiency, in terms of money and time. Wherever development projects have been carried out, it is possible to determine for each economic sector or branch, the extent to which average costs and time of completion have exceeded original estimates. Several elements generally are involved, but experience shows that poor administration is the major and most persistent reason for increased costs and delayed execution of development projects and programs. On the basis of previous performance, as well as any other pertinent quantitative or qualitative data which may be available, factors could be computed by which all project estimates in each sector or branch could be increased to take account of administrative friction.¹⁰³ Thus, if experience and other information revealed that average costs for housing exceeded original estimates by 75 per cent and the time of execution by 50 per cent, appropriate increases would be made in original estimates submitted by the sponsors of housing projects. This approach is, admittedly, crude and it has pitfalls.¹⁰⁴ But its use entails fewer risks than those which arise when plans are formulated without reference to administrative limitations. It also has the virtue of simplicity.

Any procedure which took adequate account of the effects of poor administration on the cost of projects and their period of execution would result in reducing estimated growth rates. This might not be a bad thing. For if planners could show political leaders, before the beginning of each planning period, how much administrative inefficiency costs in terms of reduced growth, there is some prospect that political leaders would be stimulated to take more forceful measures to improve administration.

¹⁰³ It will be found, for example, that the gap between estimated and actual costs and construction time will generally be much greater for transportation than for electric power projects.

¹⁰⁴ For instance, it is possible that the sponsors of projects may themselves increase estimates on the basis of experience before submitting them for review. In that event, addition of cost and time factors during the review process would result in overestimating cost and time lags. This is less probable, however, than that they may submit lower estimates when they learn that their estimates are likely to be increased during review. But proper review procedures could take care of either eventuality.

Until improvement is clearly foreseeable, however, planners would be well advised to draw up plans which take account of the administrative realities. Complex forms of planning should be avoided when the quality of administration is unable to support such planning. The difficulties of co-ordination increase rapidly as the scope of planning widens. As Professor Arthur Lewis has aptly cautioned:

no administration should be loaded with tasks more numerous or more delicate than it can handle; the quantity and forms of planning should be limited strictly within the capacity of the machine.¹⁰⁵

SUMMARY AND CONCLUSIONS

To summarize, the administrative systems of government in almost all less developed countries with mixed economies are outmoded. Countries which have recently become independent generally have administrative machines which are suitable enough for carrying out police, judicial and revenue collecting functions of government, but are not effective in performing functions required in dynamically developing societies. Countries which have a long tradition of independence also have administrative machines which cannot meet the demands of accelerated development. But, in addition, most of these countries do not even have efficient administrations for carrying out the usual government services, collecting taxes and preserving law and order.

An organized attempt to plan a country's development introduces new and unfamiliar entrepreneurial and managerial tasks on an unprecedented scale. Few countries can cope with the administrative problems which development planning brings. These problems are so complex that in most less developed countries the limitation in implementing plans is not financial resources, but administrative capacity. Political influence in recruitment and promotions, overstaffing at lower levels and understaffing at upper levels, misuse of trained staffs and low pay are important factors accounting for low morale, incompetence, slackness and waste. Rigid personnel regulations protect the inefficient and scare away the well trained and competent. Large-scale organization, procedures made convincing by years of repetition

¹⁰⁵ Lewis, W. Arthur. *Principles of Economic Planning*, p. 122.

and cautiousness give rise to "red tape" and "the deadening hand of bureaucracy." Excessive amounts of paperwork, files passing through too many hands, a general reluctance to take responsibility on one hand and failure to delegate authority on the other lead to overcentralization and delays in decision-making.

In many less developed countries, archaic financial and accounting controls have also led to considerable delays in carrying out development plans. Measures adopted to prevent abuses or arbitrary official action have had the effect of preventing the disbursement of available development funds. Some checks, of course, are essential, but when they result in the creation of many bottlenecks, they may cost more than they save.

Centralized decision-making and expenditure controls are sometimes defended as being necessary for the co-ordination of development activities. But the facts reveal that co-ordination in the sense of unified administrative leadership is generally lacking. Co-ordination is made difficult, and waste and jurisdictional disputes are accentuated, by excessive fragmentation of functions and by diffusion of responsibility for executing projects and programs. Co-ordination among the various ministries, departments and agencies is hard to get. It is even harder to get as between the central government and regional, provincial and local governments and field offices.

There is a notable tendency in many countries to try to overcome administrative deficiencies, especially in agriculture, by creating new organizations. This solution often results in increasing the difficulties in the way of achieving proper co-ordination. In some cases, there are clear advantages in establishing autonomous public organizations. But when such entities are set up to carry out regular government functions mainly to escape administrative deficiencies, they are likely to create more problems than they solve. The biggest problem is how to reconcile the autonomy they need for managerial efficiency with the need for a co-ordinated development policy in the public sector.

Government regulations often interfere with efficient operation of public enterprises. They also have the same effect on enterprises in the private sector. Government approval for various business purposes is often obtained only after long delays. This encourages favoritism, graft and other abuses. Besides the ethical objections to corruption, it increases the cost of development because it is likely to lead to the selection of less than the best available choices among development alternatives. Nevertheless, the increase in the cost of development from

corruption is frequently less than the increased cost from poor personnel policies, time-consuming administrative procedures and inadequate organization.

Every country which starts to plan seriously has recognized that it must improve its administrative machinery. Many reports on the subject have been written in many countries. There is, therefore, no lack of knowledge about what is wrong and what needs to be done. As one influential Indian newspaper has said:

It is too late in the day to say anything especially novel about administrative reform. . . . There have been so many reports, so many investigations, the whole ground has been covered with such thoroughness . . . that the problem today is not one of enlightenment but of implementation.¹⁰⁶

There are differences among experts about whether administrative improvement must precede, follow or accompany development, but there is general agreement that reform takes a long time to achieve. Nevertheless, many plans are drawn up which depend for their implementation on basic changes in administration in a few years along lines followed in advanced countries. This is neither possible nor desirable. It must be recognized that each country must adapt its own institutions for development purposes, rather than exchange them for a new set that is alien to its own tradition. It must also be understood that this takes time to accomplish.

Planners should go beyond announcing administrative shortcomings which impede development and recommending their correction. They must consider it a part of their task to help establish an administrative system which can carry out development plans. It might be more practicable, however, if planners set a more limited goal than comprehensive reform carried out in a short time. Thus, a wise course could be to select a few important projects and programs and concentrate administrative improvements around them, in the hope that these "nuclei" would later become springboards for wider reform. For other projects and programs, it would be well to recognize that poor administration results in higher costs and longer periods of execution. As a rule of thumb, a realistic approach is to increase original cost and time of completion estimates submitted by sponsors of projects and programs by quantitative factors which take account of the effects of adminis-

¹⁰⁶ *Economic Times*, October 1, 1963.

trative inadequacies. Until administrative improvements are clearly foreseeable, planners must prepare plans which take account of administrative capacity. This means, among other things, that complex forms of planning must be avoided when a country's administration is not ready for them.