

Chapter II

The Many Meanings of Planning

. . . planning . . . is an abstraction. . . . Standing by itself, it has no clearly identifiable meaning.¹

INTRODUCTION

ANYONE WHO has thought much about planning, recognizes it as a complex and many-sided phenomenon. But it has been defined in widely divergent ways, often tendentiously. For instance, one writer who agrees that planning is "big and complicated" nevertheless considers it "not much more than applied common sense,"² while another contends that it is "a complex clustering of problems to be 'explored,' not 'defined.'"³ Most writers, however, see planning as an organized, intelligent attempt to select the best available alternatives to achieve specific goals. It represents

the rational application of human knowledge to the process of reaching decisions which are to serve as the basis of human action. . . . The central core of the meaning remains the establishment of relationships between means and ends with the object of achieving the latter by the most efficient use of the former.⁴

Or as Prime Minister Nehru of India defined it, more simply and pragmatically:

Planning is the exercise of intelligence to deal with facts and situations as they are and find a way to solve problems.⁵

Planning may be used for a variety of purposes, from the preparation and execution of programs for putting men on the moon or into outer

¹ Skeoch, L. A. and Smith, David C. *Economic Planning: The Relevance of Western European Experience for Canada*, p. 1.

² Morrison, Herbert. *Economic Planning*, p. 15.

³ Elliott, John E. "Economic Planning Reconsidered," p. 55.

⁴ Sociedad Interamericana de Planificación. *Enseñanza de la Planificación en la América Latina*, pp. 101-102.

⁵ Nehru, Jawaharlal. "Strategy of the Third Plan," pp. 33-34.

space, to the management of an enterprise, a city, a region or a nation. It can be temporary, as in planning after a natural disaster, in wartime or during postwar reconstruction. Or it may be for a longer time, as in national planning for economic stability, full employment or economic development.

To plan economically, one need not have a moral purpose; one need only be prudent in the use of scarce resources:

Planning economically is to plan in such a way that the scarce means at our disposal yields us the greatest satisfaction—however one wishes to define ‘satisfaction.’ If . . . [someone] . . . chooses one method which yields him less satisfaction for the given amount of expenditure of scarce resources at his disposal than he could have derived from another method, he is not acting economically.⁶

Just as economic planning eschews moral judgments, it has no one approach to all problems. It does not, for example, necessarily involve regimentation, collectivization or industrialization.⁷ Nor is its use limited to a particular kind of economy or society. It exists under a variety of political systems. Its scope ranges

all the way from the relatively limited planning of an essentially private or mixed enterprise economy to the comprehensive, all-embracing planning of a totalitarian economic system . . . it could quite easily appear in many and diverse situations, as, e.g., capitalistic planning, socialistic planning, democratic planning, totalitarian planning, business planning, government planning, and so on.⁸

Despite the great variety of forms which it may take, all planning has certain common attributes. These include looking ahead, making choices, and, where possible, arranging that future actions for attaining objectives follow fixed paths or, where this is impossible, setting limits to the consequences which may arise from such action. These attributes can be discovered in such diverse kinds of planning as wartime and postwar reconstruction planning, town and country planning, full employment and anticyclical planning, as well as in development planning.

⁶ Baldwin, Claude David. *Economic Planning: Its Aims and Implications*, p. 11.

⁷ Friedmann, John. “Introduction” (to) *The Study and Practice of Planning*, p. 329.

⁸ Elliott, John E. “Economic Planning Reconsidered,” p. 62.

WARTIME PLANNING

During World War II, the United Kingdom and the United States both adopted centralized physical planning and controls over economic activity similar to those found in socialized economies. In both countries, wartime planning supplanted the market to some degree and prevented the forces of supply and demand from determining the prices and quantities of goods and services bought and sold.

In the United Kingdom, aggregate demand greatly exceeded supply. As a result, there were plans and controls for manpower, raw materials, and imports to secure the routing of scarce resources in the required quantities and at the appropriate times to the armed forces, productive units or other places where the planners thought they would do the most good. Consumer goods were rationed to restrict demand to the level of supplies. Because the U.K., as an island, was especially dependent on imports, the use of shipping was also regulated according to plan to insure that available bottoms carried the most important commodities. In effect, Government decisions were substituted for the market and the price mechanism to allocate basic productive resources.

In the United States, the Government experimented with various systems for allocating materials through priority and budgeting systems. Controls were often on a more informal basis than in the United Kingdom and greater reliance was laid on the price system, either through ceiling prices or by subsidies for imports. Nevertheless, government controls, often detailed, extended over a wide range of economic activity. In both countries, it was possible to introduce planning which displaced market forces only because the people in both nations realized that it was essential to winning the war. Even though it was not always good planning, bad effects from mistakes were more than counterbalanced by favorable results arising from the clarity and unity of the planning objective, i.e., winning the war, the complete commitment of the political leadership to that objective and the willingness of people to change their mode of life and undertake sacrifices to reach the common goal. A number of useful lessons emerged from this experience which threw light on what is essential for carrying out plans. As will be seen later, there were also significant lessons to be drawn from the planning methods used. Also it became evident that in times of emergency, governments were not prepared to

let the market operate freely to bring forth the output required to meet the emergency.

TOWN AND COUNTRY PLANNING

For countries which had suffered severe damage in World War II, the postwar years brought increased interest and participation in a type of physical planning known as town and country planning. Prewar references to planning, at least in the more advanced countries, usually meant physical planning for efficient and aesthetic use of land, rehabilitation of slum areas or relocation of their population on other sites, establishment of new towns, construction of industrial centers, development of satellite areas or reorganization of transportation systems to meet changed needs. From these beginnings, architects and professional town planners developed a whole series of principles in a "science" of town and country planning which emphasized zoning of land areas, expansion of public utilities and development of housing projects.

After the war, the United Kingdom passed a Town and Country Act and established a Ministry of Town and Country Planning to insure that available land was properly utilized through zoning which would provide adequate "green belts" for recreational and other activities. The Ministry played an important role in the reconstruction era, although its importance declined subsequently. In 1964, the Ministry of Housing and Local Government completed a two and one-half year South East Study which provides a detailed master plan for redeveloping a region containing 18 million people, nearly 40 per cent of the population of England and Wales. The Study is intended to set priorities in allocating land for future homes, shops, industry and schools.

The Netherlands also renewed its interest in physical planning after the war. For a long time before World War II, the Netherlands had relied on physical planning for water control and reclamation. Until 1931, these projects were handled locally, but in 1941, an organization was set up to plan such projects on a national scale. Because of the country's terrain and the need for sea flooding and general water control, much physical planning revolved around waterway and water-works projects. But there were other fields in which physical planning was also significant. Thus, the scarcity of agricultural land led to

planning for its rational use and to the preparation of a master plan for reallocating land. In 1954, a Land Consolidation Act was passed which made possible the improvement of agricultural areas on a large scale. The Zuider Zee Reclamation Project and the Delta Works Plan were important physical planning projects which involved both water control and land reclamation programs. In the postwar period, the reconstruction of Rotterdam and Amsterdam, among other cities, proceeded in accordance with physical plans which included the construction and expansion of ports, industrial centers and residential communities.

The need for a more organized approach to metropolitan planning also has become apparent in developing countries as the migration of rural populations to urban areas has continued, on all continents, in communist and capitalist countries alike. In tropical and subtropical urban areas, crowding, low earning capacity, poor nutrition and lack of sanitation are already creating serious economic and social problems. Moreover, the outlook is that the general growth of populations and improved efficiency in agriculture in the next 20 years will accelerate the movement of people from rural to urban areas in less developed countries. In a report on the problem, the World Health Organization has said that the expected increase in urban population

clearly justifies the warning that, after the question of keeping world peace, metropolitan planning is probably the most serious single problem faced by man in the second half of the 20th century.⁹

City planning of a special kind has made considerable progress in Brazil. In that country, urban planning has often meant the creation of a whole new city. The outstanding example of such planning is the new national capital of Brasilia. The cities of Belo Horizonte and Goiânia, each the capital of its respective State, were also systematically planned. The planning of Belo Horizonte was especially interesting because it involved the establishment of an industrial area outside the limits of the residential part of the city. In Brazil, as elsewhere, city planning has been considered a branch of architecture, but it is increasingly being influenced by social and economic planning.¹⁰

Puerto Rico is still another area with a long history of physical

⁹ *New York Times*, July 21, 1964.

¹⁰ Daland, Robert T. "Chapter V. The Future and Brazilian Planning," pp. 46-48.

planning. As long ago as the 16th century, a Spanish law had set standards to be followed in establishing new towns. In 1821, the Colonial Government had created a board to formulate a general public works plan; in 1860, a master road plan had been published; and in the 1930's, a series of city planning studies had been made. Thus, when the Puerto Rican Planning, Urbanization and Zoning Board came into being in 1942, it could draw on a considerable accumulation of experience with physical planning. The Board differs from previous planning organizations in Puerto Rico because its functions not only cover town and country planning, including the preparation of master plans for land use and the construction of public facilities, but also economic planning. In Puerto Rico, therefore, a close link exists between physical and economic planning.

Similar links are appearing in other, especially more advanced, countries. In the United States, for example, physical planning

was first claimed by the engineers and a little later by the landscape architects. Then the architects as such entered the contest. Within the last two decades the social scientists and public administrators have begun to challenge the physical design professions. The typical planner today is trained in a variety of disciplines, both in physical design and social science with the object of learning to integrate all the elements necessary to solve some specific social problem.¹¹

The typical physical planner in industrial countries is an urban planner. The growing movement of population to cities and the consequent expansion of the fringes of urban life are joining towns into agglomerations of urban areas. The increase in the number of people living in closer proximity than ever before and, at the same time, their higher levels of living and greater mobility, have challenged the ingenuity of the physical planners to design school, hospital, water, sanitation, highway and other facilities and amenities to meet new and continually expanding needs. As the outward movement of town clusters have continued, physical planners have increasingly encountered problems whose solution depends on decisions involving the economy of the region in which they are working. Consequently, physical planning has become increasingly concerned with problems usually reserved to economic planning.

¹¹ *Ibid.*, p. 50.

ANTICYCLICAL PLANNING

Economic planning is primarily anticyclical or developmental. Anticyclical planning is generally limited to industrially advanced countries with strong private sectors and well-developed markets. The principal aim of anticyclical planning is to achieve, within the prevailing economic and social framework and the limits prescribed by the need to maintain economic stability, a level of effective demand which allows the fullest utilization to be made of capital stocks, labor force and other resources. Policies and measures adopted to attain plan objectives and targets operate largely through the market and demand is controlled mostly through monetary and fiscal measures. While there are times when demand may have to be stimulated to raise it to levels required to utilize excess capacities, it has in practice been necessary more frequently to curb demand which threatened to exceed productive possibilities. Anticyclical planning also aims to increase the rate at which incomes grow. But it lets the private sector determine the direction of growth and it does not attempt to rationalize public investment for the purpose of accelerating the rate of growth. Since there are usually too many rather than too few projects, the problem is not to stimulate growth but to insure that the growth rate does not expand so much that it jeopardizes economic stability through inflation or balance of payments difficulties.

Sweden has engaged in anticyclical planning since 1933. The Netherlands offers, perhaps, the best-known example of effective anticyclical planning. The Dutch recognized that their country's position as a world trader subject to the vicissitudes of world markets could be maintained in the postwar period only through the exercise of economic discipline. The Government also realized that in the circumstances existing in the Netherlands, the greatest benefits could be obtained by providing economic incentives to private enterprise and by limiting its own activities to what was required to maintain economic stability. The system of anticyclical planning which the Netherlands adopted at an early stage after the reconstruction period was well suited for these purposes and for allowing the economy to move forward without undue fluctuations.

The main objectives of Dutch planning are full employment, avoidance of inflation, equilibrium in the balance of payments and some shift of incomes in favor of workers, especially through improvements

in education, health and housing. The medium through which these objectives are quantified is an annual plan in which a forecast for the year is made and policies are suggested for achieving plan targets. Instruments used to reach targets consist mainly of appropriate monetary policies applied by the central bank; tax measures and government expenditures operating through the budget; and controls on wages, housing and prices. In the cyclical circumstances which have prevailed in the Netherlands, the use of these policy instruments has been, on the whole, restrictive in character. But they have succeeded both in stabilizing the economy and producing a satisfactory rate of growth.

Techniques employed in anticyclical planning have been refined greatly in the last decade. The impact of Keynesian theory has led to the development of a considerable body of complex economic and mathematical concepts which have been applied to the construction of econometric models and for other purposes. In recent years, economists have been attempting to use similar techniques for development planning. There is little question that development planning can learn from the experience of anticyclical planning, although indiscriminate transference of technique from anticyclical to development planning has sometimes done more harm than good.

DEVELOPMENT PLANNING

National Planning

Superficially, development planning may seem to resemble anticyclical planning. This is largely because they both usually seek to increase employment and incomes. But there are basic differences between the two.

Anticyclical planning seeks to achieve full employment of resources and social and economic progress through existing institutions because, in the more advanced countries where such planning is generally practiced, these institutions operate with acceptable efficiency. The distribution of land, property and incomes is not unduly askew. Government administration functions well or, at least, adequately. The private sector is well developed, entrepreneurs are informed and ready to expand existing capacities or undertake new ventures when opportunities arise. The price system is sufficiently elastic to permit markets to work with reasonable efficiency as mechanisms for allocating invest-

ment and other resources in accordance with social demand.

But this is not the situation in most less developed countries. There are usually many glaring imbalances in their economies. There are generally unemployed and underemployed resources, balance of payments difficulties and a variety of bottlenecks which impede production and distribution. Usually, the systems of land tenure and land use are archaic and unproductive, the incidence of taxation is inequitable and the distribution of incomes is lopsided. Government machinery is weak, the domestic private sector, often concentrated in commerce and trade, is typically ill-equipped and reluctant to expand productive capacity or open up new industrial fields, while foreign investment is often limited to the extraction of natural resources to be processed abroad. Prices respond only haphazardly to changes in supply and demand because markets are often rudimentary, imperfectly organized and fettered by many rigidities. There are barriers to the free flow of information, as well as

restraints of custom, tradition, and ignorance; and entry into markets is limited by a wide variety of monopolistic controls. Capital markets, foreign exchange markets, even labor markets which operate fairly efficiently in developed economies patently do not do so in many less developed countries.¹²

These circumstances make changes in the traditional economic and social structure of most less developed countries a precondition of development. They also explain why many governments in less developed countries are unwilling to let the market allocate investment resources and determine their countries' rate of growth; and they explain why these governments turn instead to planning to attain economic and social progress, the transformation of institutional arrangements they consider to be inimical to the expansion of productive forces and the establishment of a more equitable and balanced society. For while anticyclical planning aims to stimulate demand through the market and existing institutions, development planning seeks to break down structural obstacles (and this often includes the way markets operate) which hinder growth. Development planning therefore goes much further than anticyclical planning:

In the underdeveloped countries of Asia, Africa, and Latin America, development requires social and cultural change as well as

¹² Millikan, Max F. "Criteria for Decision-Making in Economic Planning," p. 29.

economic growth; that is, qualitative transformations must occur concurrently with quantitative increases. There is, in fact, a reciprocal relation between the two, and neither process is likely to continue for long or go very far without the other. Hence, development means change plus growth.¹³

Accelerated economic growth¹⁴ and structural change are thus the two main expressed or implied aims of development planning. But the emphasis given to the second aim varies from country to country. In the socialized countries, profound institutional alterations designed to eradicate political, as well as economic and social, conditions believed to be responsible for backwardness are considered the prerequisite for, if not the key to, generating and sustaining a high level of growth of production and income. In a few countries with mixed economies, institutional change also takes precedence over economic progress. For example, in the opinion of the Vice-Chairman of Indonesia's Supreme Advisory Council,

countries such as Indonesia must be fully aware of the difference in nature between planning as a feature of society, where the 'target' is to build a new society, and the planning of investment projects, where the 'target' is a specific item of economic development. The second kind of planning must be made *subservient* to the first, which is primary.¹⁵

It is therefore not surprising to find that, among countries with mixed economies, Indonesia represents an extreme case of institutional adaptation, including extensive nationalization and major alterations in the price system. In the United Arab Republic also, many structural changes were made as part of a program of "Arab socialism." The Government carried out a major agrarian reform which included imposition of ceilings on land holdings and the redistribution of land. It also took over direct control and, to a large extent, ownership of all the main industrial and trading companies, banks and financial institutions.

But in most mixed economies, the degree of structural change is generally less pronounced and more gradual. In fact, in the planning of

¹³ Colm, Gerhard and Geiger, Theodore. "Country Programming as a Guide to Development," p. 47.

¹⁴ By "accelerated economic growth" is meant a rate of growth that is higher than would be obtained without planning.

¹⁵ Abdulgani, Roeslan. "The Lessons of Indonesia's Experience of Planning," p. 442.

a few developed countries, the amount of institutional change is so small that the line between development planning, defined as including change as well as growth, and anticyclical planning becomes tenuous. One such country is Japan. On the one hand, Japanese planning resembles anticyclical planning in that the role of government is largely limited to creating favorable conditions for private enterprise operating in a market economy. On the other hand, it resembles development planning in that the Government is expected to supplement private investment by joining with it in such fields as public utilities and by stimulating, fostering and guiding economic activity in a variety of ways.

The ambivalence is due partly to the fact that Japan moved from stabilization planning directly into development planning without shedding all the attributes of the former or taking on all the accouterments of the latter. It has also been partly because Japan has a well-developed private enterprise system which operates effectively in a market economy. There was, therefore, no great urgency to make basic changes in the economic structure. In the Netherlands, also, where steps are being taken to shift from anticyclical to development planning, some elements characteristic of anticyclical planning are likely to be retained and little change in institutional arrangements is to be expected.

But in most countries, especially in less developed nations, the idea is firmly held that development planning can be effective only if it includes basic institutional reforms. Thus, the signatory powers of the Charter for the Alliance for Progress have agreed to carry out comprehensive land and tax reforms. According to two members of the Alliance Committee of Nine, these reforms, among others,

are deemed essential to lay a foundation for sustained economic and social advance within the countries of Latin America. . . . The dual function of structural reforms—the increase in productivity and the mobilization of resources on the one side and the satisfaction of equity requirements on the other—is critical to rapid development under current conditions in democratic countries. The optimum use of natural resources (and particularly the land) and the tapping of the great potential energies of the human resources (which requires widespread involvement in development by the people of a nation) are at the very foundations of economic advance. People who have relatively little cannot be expected to work hard and accept the discipline of a development

effort, unless they feel that they are receiving and will continue to receive a fair share of the total returns.¹⁶

In India, also, the Government is committed through constitutional procedures to a program of radical change referred to as "democratic socialism" and, in Ghana, the Government is committed to institutional changes in the name of "African socialism." The head of the French Planning Commission has recalled that, even in France in 1945,

the idea of nationalizing the key sectors of the economy [accompanied] the idea of substituting the Plan for certain market mechanisms that had failed before the war to remedy the economic and social consequences of the great crisis of the 1930's.¹⁷

In some developing countries, the institutional changes made have contributed little or nothing to either economic or social progress. In other countries, changes have been advocated or carried out although they were expected to retard economic expansion for awhile because they were considered prerequisites to execution of a successful program for national development. Land reforms in India and Pakistan are examples. The first head of the Harvard Advisory Group in Pakistan has pointed out that, although the direct economic effects of land reform were probably detrimental to output in the short run, Pakistan's Planning Board felt it was important that the Government reform land tenure practices

(1) to give evidence of the determination of the government to achieve social justice, a determination which would be essential to any popular support for sacrifices in the interest of development, and (2) to remove the power of the large landowners who in parts of West Pakistan exercised quasi-feudal powers over economic, social and political life, and who opposed most measures of social and economic reform. . . .¹⁸

But in many less developed countries, little more than lip service is paid to the need for agricultural, tax and administrative reforms which are clearly essential to progress. Vested interests do everything possible to prevent change in the *status quo*. As in countries in other parts of the world,

¹⁶ Perloff, Harvey S. and Saez, Raul. "National Planning and Multinational Planning Under the Alliance for Progress," p. 49.

¹⁷ Massé, Pierre. "French Economic Planning," p. 4.

¹⁸ Bell, David E. "Planning for Development in Pakistan," p. 17.

there are important groups within each of the Latin American countries who are strongly opposed to social reforms and such groups can be expected to resist the implementation of such reforms with all means available to them.¹⁹

The governments in such countries are frequently unable or unwilling to go far in changing the underlying structure of their societies. They prefer instead to induce change by enlarging the scope of the public sector through increased public investment. Since this may greatly alter the rates of growth of different economic sectors, favoring some as opposed to others, structural changes in the economy can, and do, occur. In societies where development causes many people to move from a near subsistence way of life into a cash economy, from depressed rural areas into more advanced farming regions, or from the country to the cities, social changes are also inevitable. But these changes may cause increased social and political tensions which impede rather than aid the acceleration of the rate of economic and social progress.

The Problem of Definition. Because planning objectives and practices in each country are in some respects different from those in every other country, it is impossible to compose a definition of development planning which satisfies everyone and every need. The variety and range of definitions are great. One can find, at one extreme, a definition broad enough to include practically every country and, at the other extreme, one narrow enough to exclude all but a few. When development planning is defined as

any action by the State, whose purpose is to raise the rate of economic growth above that which would take place without any conscious effort,²⁰

almost any country with an investment project can be considered to be planning; and as will be seen later, when only comprehensive planning based on mathematical models is acceptable as development planning, only a handful of countries can qualify as practitioners of the planning art. It therefore seemed best to avoid these extremes in formulating a definition of development planning for selecting the

¹⁹ Perloff, Harvey S. and Saez, Raul. "National Planning and Multinational Planning Under the Alliance for Progress," p. 49.

²⁰ UN. TAA. *Economic Planning in Ceylon*, p. 12.

countries to be included in this study. For this purpose, the definition of development planning could, on the one hand, safely exclude countries like the United States or the Federal Republic of Germany which make no pretense whatever at planning for growth and institutional change. On the other hand, it appeared desirable to include countries which, however inadequately, made a deliberate and continuing, albeit intermittent, attempt to translate into action some kind of plan for their development.

But it was considered essential that the Government, not a private or quasi-governmental group, sponsor the planning effort. Thus, India could not be said to have been planning in 1944 when eight leading Indian industrialists issued the so-called Bombay Plan in that year as their contribution to the discussion then going forward about the course of India's future development. The Bombay Plan is historically interesting as a pathfinding private effort, but not as an example of national development planning. Nor could Peru be said to be engaged in planning despite the "National Plan of Economic and Social Development for 1962-71," prepared on its own initiative by Peru's Central Bank, since the Government of Peru has never shown any real interest in the Plan.

Until a government adopts a plan as its own, it is only a proposal. Some governments, in fact, carefully choose to have plans prepared by nongovernmental bodies in order to retain complete freedom to reject the plans. In both Sweden and Finland, for example, plans have been prepared by *ad hoc* commissions appointed by the Government which issued the plans on their own responsibility. Neither Government was under obligation to accept the plan prepared by its commission. Neither commission's proposals could be considered national plans, therefore, unless and until adopted by its Government.

The considerations mentioned in the preceding discussion served as the basis for formulating the following working definition of development planning: a country was considered to be engaged in development planning if its government made a deliberate and continuing attempt to accelerate the rate of economic and social progress and to alter institutional arrangements which were considered to block the attainment of this goal. The attempt had to be a conscious one made by a government and it had to be made often enough to give substance to the government's claim or belief that it was concerting policies and taking action designed to bring about economic and social progress and institutional change. But it was not essential that a country be

committed to unremitting or appropriate action, nor was it necessary that its efforts be comprehensive instead of partial or, for obvious reasons, that these efforts be successful. Hence, countries which plan badly have not been excluded. And for good reasons: there are few countries which can claim to be planning well and, what is equally important, there is much to be learned from failure.

The implications of the definition adopted will become more apparent in the pages which follow. Perhaps it will suffice for now to say that it does not deviate fundamentally from those generally accepted. The definition had the effect of encompassing most countries which make some attempt at development planning, including advanced as well as less advanced nations and those with largely socialized as well as those with mixed economies.²¹ But it excluded countries like the United States and the Federal Republic of Germany, although there are those who contend that even these countries can be said to engage in development planning.

Regional Planning

Development planning may also be regional in scope. Regions may be political or economic. A political region is a geographic area designated as a governmental administrative unit in a nation or dependent territory; a combination of nations or dependent territories; or a combination of one or more nations with one or more dependent territories. An economic region is an area with common economic and social problems induced by natural or other conditions, like a river basin or an area without adequate supplies of water for agriculture.²² In either case, regional development planning may be subnational or multinational.

Subnational regional planning was formerly regarded as a part of city planning. In recent years, however, the region has emerged as a fundamental planning unit as planners increasingly recognized that regions often have peculiar characteristics and economic problems which need special consideration. This has led to the establishment of subnational regional planning as an independent discipline with its

²¹ I.e., those in which private enterprise is permitted to operate in more than one major economic sector.

²² Within a political or economic region there may be a functional region, whose more restricted boundaries are determined by the area needed to achieve a more limited objective, e.g., colonization.

own orientation and methodology. Subnational regional planning may mean one of three things:²³

1. It may refer to planning for a city, state, metropolitan area or a depressed part of a country as a separate economy. A special authority may be created with regulatory or fiscal powers to formulate the plan, carry it out and operate completed projects. The Tennessee Valley Authority (TVA) in the Tennessee Valley of the United States, the *Cassa per il Mezzogiorno* (the Cassa) in Southern Italy, the *Superintendência do Desenvolvimento do Nordeste* (SUDENE) in the Northeast of Brazil and the *Corporación Autónoma del Valle del Cauca* (CVC) in the Cauca Valley of Colombia are examples.

2. Subnational regional planning may also refer to the preparation of a series of regional plans covering an entire country as part of the process of preparing a national plan. As will be seen later, planning in socialized countries involves the preparation of a whole series of regional plans for republics and subsidiary areas, and their testing for consistency with each other and the national plan. The aggregation of regional plans is supposed to add up to the total allocations of materials, equipment and labor in the over-all plan. In federal nations with mixed economies, like Nigeria and Pakistan, regional plans for each of the regional governments are also prepared and integrated with the national plan.

3. Finally, subnational regional planning may refer to the fitting of projects under a national plan to insure the best possible location of industry and to reduce economic disparities among the regions in a country. In Yugoslavia, for example, the Investment Bank awards investment and other credits to sponsors of projects on the basis of which project is likely to offer the best yield as determined by detailed investment criteria set up by the Bank. For each major project, locational and other studies are made to permit competition to be limited to project sponsors situated in the regions considered best for the project. To insure that depressed regions get an appropriate share of new investment, separate investment credit allocations are made for these areas. Competition for these funds is restricted to sponsors of projects who locate new plans in these regions.

Multinational regional planning also may mean three different things:

²³ Adapted and extended from Higgins, Benjamin. *Some Comments on Regional Planning*, pp. 1-2.

1. It may refer to planning for an economic region which extends beyond the boundaries of one country. For instance, the planning for redevelopment of the Indus River Basin covers portions of both India and Pakistan. This regional plan was adopted by both countries after eight years of negotiations in which the World Bank participated. Another example is the plan which the Committee for Coordination of Investigations of the Lower Mekong Basin is to prepare for the lower Mekong River Basin. The plan will provide a ten-year program for the use of the River's water for navigation, power, irrigation, etc., by Cambodia, Laos, Thailand and South Viet-Nam.²⁴

2. Multinational regional planning may also refer to planning for one or more economic sectors of two or more countries. Thus, the European Coal and Steel Community plans for the coal and steel sectors of six European countries through a supernational central agency with power to tax, levy fines, order changes in import tariffs and make judicial reviews. The European Economic Community (Common Market) has also prepared proposals for a common approach by its member countries in specific economic sectors, including agriculture and automobile manufacturing. The Food and Agriculture Organization's Mediterranean Development Project conducted a series of studies and made proposals for the integrated development of agriculture and forestry in ten Mediterranean countries. And in the five Central American countries and Panama, a plan has been prepared to establish a regional telecommunications network and to make their national networks compatible with the regional system.

3. Finally, multinational regional planning may refer to the co-ordination of national plans or to the setting of integrated targets for the entire economies of several countries which are members of an international regional organization. This kind of regional planning has thus far made the least headway, but promises to make more progress in the future. International organizations like the European Economic Community (EEC) and the European Free Trade Association (EFTA) in Western Europe, the Council of Mutual Economic Assistance (COMECON) in Eastern Europe, the permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA) and the Latin American Free Trade Association (LAFTA)

²⁴ Mainland China, which also has important riparian rights to the Mekong River, will not be a party to the proposed plan. The Mekong also flows through Burma and Nepal, but the topography of the river basin in these countries precludes diversion of its waters there.

in Latin America, and the East African Common Services Organization (EACSO) all of which have been established in recent years, have been giving increasing attention to the desirability of international economic co-operation and integration among their member countries. The EEC has already made projections to 1970 of alternative possible and probable growth rates in the EEC countries. It is also drafting a medium-term economic policy program for 1966-70 which will endeavor

to set side by side the Member States' long-term plans, programmes, projections and forecasts and endeavour to lend cohesion to the long-term national policies and the various courses of Community actions, and so to lay the technical and political foundations for a consolidated programme.²⁵

COMECON²⁶ has also been attempting, without much success thus far, to co-ordinate the national plans of its member countries. However, plan co-ordination with a view to getting greater specialization among member countries is scheduled to increase with the round of national plans which went into effect in 1965. At the request of the Economic Commission for Africa (ECA) at its fifth session, the Executive Secretary prepared "concrete proposals concerning co-ordination of development plans of African countries."²⁷ The ECA has advocated since its establishment that countries in the region co-ordinate their plans for the location of industries in order to avoid unnecessary duplication and waste of resources. At an ECA meeting in Nairobi in February 1965, seven countries in East and Central Africa laid the basis for establishing an African Common Market later. The recent establishment of *Union Douanière et Economique de l'Afrique Centrale* (UDEAC) with Cameroun, Congo (Brazzaville), Chad, Central African Republic and Gabon as members, may be a harbinger of other economic groupings in the region. In East Africa, Kenya, Tanganyika (Tanzania) and Uganda have continued economic co-ordination as independent nations through the East African Common Services Organization (EACSO), which in 1961 replaced the East African High Commission, with the three countries as members.

²⁵ Swan, D. and McLachlan, D. L. "Programming and Competition in the European Communities," p. 88 (as quoted from *Action Programme*, p. 76).

²⁶ COMECON's active members are the Soviet Union, Poland, Czechoslovakia, East Germany, Hungary, Rumania, Bulgaria and Mongolia.

²⁷ UN. ECA. *Economic Bulletin for Africa* [Part B; *Special Articles*], p. 66.

Although the EACSO's future is in doubt, there is a possibility that it may lead to attempts to co-ordinate regional economic activity and planning. Finally, in Latin America, intense efforts are being made on many fronts to further hemispheric economic co-operation and integration through regional planning. Indeed, it has been claimed that the evaluation of national plans on the basis of formally established criteria by the Alliance Committee of Nine

is in effect a beginning of multinational planning. Programs and policies within national plans are . . . tested . . . for consistency with what other Latin American countries are doing, or propose to do, and potential conflicts are brought to the forefront.²⁸

SUMMARY AND CONCLUSIONS

In summary, planning has been defined in many ways, but most authorities agree that it is, in essence, an organized, conscious and continual attempt to select the best available alternatives to achieve specific goals. Planning involves the economizing of scarce resources. It has been used for a variety of ends, by different societies and in different ways. It is not limited to totalitarian or socialistic solutions. It can be and is used by democratic and capitalistic countries.

It has been employed in wartime and peacetime. It has a long history in physical planning for towns and rural areas. Planning as anticyclical or stabilization planning has been used effectively in advanced countries like the Netherlands and Sweden. Wartime, town and country, and anticyclical planning have elements in common with development planning and all of them have contributed to development planning in various ways from their experience.

Development planning may appear at times to resemble anticyclical planning, but it is fundamentally different. The basic objective of anticyclical planning is to increase demand within the prevailing economic and social institutional framework of a market economy, while development planning seeks to change that framework in the process of securing an acceleration in the rate of economic and social progress. A shorthand statement of development planning's primary goals is: change plus growth. Some nations which profess to plan their

²⁸ Perloff, Harvey and Saez, Raul. "National Planning and Multinational Planning Under the Alliance for Progress," p. 51.

development seem to concentrate only on the element of change, while others seem largely to ignore it. But the need for change is widely accepted as important to, if not the very essence of, development planning.

For the purpose of this study, countries were considered to be engaged in development planning if their governments were making a conscious and continuing attempt to increase their rate of economic and social progress and to alter those institutional arrangements which were considered to be obstacles to the achievement of this aim. This definition has the effect of including most countries which make some effort to plan their development and to exclude those which make no pretense at planning.

Development planning includes subnational and multinational regional planning. Subnational regional planning may mean planning for one region, planning for a series of regions covering an entire country or the siting of projects to insure the best possible location of industry and to reduce economic disparities among the regions of a country. Multinational regional planning may refer to planning for an economic region which extends beyond the boundaries of one country. It may also refer to planning for one or more economic sectors of two or more countries; and it may refer to the co-ordination of national plans or to the setting of integrated targets for the economies of several countries which are members of an international regional organization.