

Chapter XII

The Function and Role of a Central Planning Agency

Programming of development requires a number of different abilities and types of knowledge. . . . The way in which the large number of people necessarily involved in the process cooperate and the way their various acts succeed each other and fit into the pattern are by no means arbitrary or unimportant. It is a common misunderstanding that activities can simply start at the bottom of the pyramid of agencies and that the coordinating role of the center comes in later.¹

FUNCTIONS OF A CENTRAL PLANNING AGENCY

As THE preceding discussion has indicated, where the heads of government accept their responsibility to co-ordinate and supervise the execution of development plans, there is little need for a central planning agency to assume executive responsibilities. A central planning agency should be an advisory body. When a planning agency assumes executive functions, it may indicate that the heads of government or the planners themselves lack a proper understanding of the role of a central planning agency; but because it involves a transfer of responsibility to the planning agency which only heads of a government should possess, it may also indicate that the heads of government are unable or unwilling to face up to the implications of a plan's objectives and targets.

From what has been said, it becomes clear that a central planning agency should be responsible for:

¹ Tinbergen, Jan and Bos, Hendrics C. *Mathematical Models of Economic Growth*, pp. 4-5.

1. The formulation and revision of long-term, medium-term and annual national development plans, including the combination and reconciliation of sector and subsector programs in these plans (as distinguished from projects and programs for a sector or, sometimes, a subsector,² which are properly the responsibilities of operating agencies);
2. the formulation of regional development plans in small, less developed countries where the establishment of separate regional planning bodies is unwarranted or unfeasible (but this should be considered exceptional; in most countries, regional plans should be formulated and their execution supervised by local or specially constituted regional planning bodies);
3. the preparation of annual operational plans for implementing medium-term plans³ (but not annual—or multiannual—development budgets, which are the prerogative of budgetary authorities);
4. recommending policies, instruments of economic policy and other measures and machinery required to mobilize financial, material and human resources for implementing development plans (although responsibility for setting policy, adopting measures or establishing new machinery lies in other parts of a government);
5. periodic reporting, and evaluating of, the progress of development plans (on the basis of project, program, subsectoral or sectoral reports prepared by operating organizations and other information), identifying factors which are retarding or may retard development and suggesting means for dealing with them; and
6. co-ordinating the use, and negotiating the acquisition of, foreign technical skills (although preferably through a unit separated from, but closely linked administratively to, the planning unit in a central planning agency).

² Where one ministry or other agency is responsible for an entire sector, it prepares the sector program; but if two or more ministries or agencies prepare programs in the same sector, the central planning office is responsible for combining these programs into a program for the entire sector.

³ A distinction is made here, as elsewhere in this book, between an annual plan which is intended to give effect to a medium-term plan, and one, like those referred to in Item 1 above, which is prepared without reference to a medium-term plan.

Central planning agencies usually have most of these responsibilities, although provision for co-ordination of, and negotiation for, foreign technical skills is frequently omitted. But central planning agencies are sometimes given a variety of other powers. It would be hard to find another central planning agency which has been endowed with the sweeping authority which the Korean Government gave its Economic Planning Board in 1961. Its responsibilities included (a) not only the formulation of plans, but the supervision of their implementation and the provision of policy measures required for the purpose; (b) the formulation of the national budget within the framework of the development plan; (c) the integration and modification of policies or measures initiated by any ministry or agency; (d) the conduct of economic research and the administration of governmental statistical activities; (e) the co-ordination of foreign financial and technical aid programs and the promotion of foreign investment; and (f) the preparation of the basic policy for over-all scientific and technological development; and the co-ordination of the activities of technical agencies and institutions, both public and private.

While the scope of these powers is unusually broad, other central planning agencies have also been given considerable powers. Iran's Plan Organization and Iraq's Development Board, for example, were not only authorized to prepare and carry out projects, regional programs and development plans but also were given special funds outside the budget to disburse for these purposes. Nicaragua's National Economic Council is empowered to prepare projects, sectoral and regional programs, and long-term plans. In addition, government organizations are required to obtain the Council's approval for all their investments, whether or not they are within the framework of a national development plan. In Honduras, also, all foreign loans contracted by the Government, or by private firms with the guarantee of the Government, must have the approval of the National Economic Council, Honduras' central planning agency. And in the Philippines, the National Economic Council is empowered to formulate trade, tariff and other policies and to implement foreign aid programs.

But the fact that a central planning agency is given certain powers does not mean that it is able to exercise them. Indeed, the more its powers intrude upon the spheres of responsibility of existing government organizations, the less the planning agency is likely to perform the functions assigned to it. The established bureaucracy will see to that. Where the heads of government are not genuinely committed to

planning, it matters little what powers are given to the central planning agency. If the heads of government do not take planning seriously, no one else will either and the planning agency will soon be ignored by operating ministries and agencies.

But experience shows that even when the heads of government support planning it is unwise to give a central planning agency so much power over operations that it arouses the active antagonism of civil servants and political appointees. In Iran, for example, the Plan Organization (PO)—an autonomous agency which was endowed with unusually wide powers over development planning and execution—was under constant attack from ministers and other politicians from its inception. Incessant pressure led progressively to the forced resignation of its dynamic and independent Director, loss of control by the PO over its administrative budget, subordination of the PO to the Prime Minister and, finally, to the transfer of its plan implementation powers to operating ministries and agencies. In Brazil, an announcement at the end of 1962 that the President proposed to establish a ministry of development and planning as a “superministry,” with powers to program and control the execution of a wide variety of projects and regional programs then under the supervision of other government bodies,⁴ created enough immediate opposition from Cabinet members and others to make the President give up the idea. In fact, the hostility aroused was so great that the chief planner associated with the idea was soon returned to the regional planning agency whence he had come, and a central planning agency never was established as a going concern by the President. The dismissals of the heads of planning in Iran and Brazil are not isolated incidents of their kind. The annals of planning history are replete with cases of planners who proved to be no match for politicians when, often with the best interests of their countries at heart, they sought to take over operating responsibilities from ministries and agencies.

Even a central planning agency with only advisory powers is unlikely to be welcomed by established political and administrative interests. Despite the extraordinary increase in interest in development planning,

⁴ According to Daland, Robert T. “Chapter IV. The Politics of the Plano Trienal,” p. 7, specific fields which were to be turned over to the new Ministry, in addition to the usual powers of a planning agency, included authority over drought programs, sanitation, aid to Indians, the statistical system and the census, assistance to municipalities, regional banks and the development of territories.

it is still mistrusted by many in old-line ministries and agencies. In Nigeria, for example, ministers

mistrusted the activities of economic planners, considering the intrusion into their ministries' affairs by outside officials as an invasion of their jurisdiction.⁵

When not suspicious or hostile, officials usually lack understanding of the purpose and role of planning. Thus, a former director of the Colombian Planning Department complained:

I was constantly surprised during my two years as head of the Planning Department at the number of highly cultivated people who asked me the same question: 'Just what is planning?'⁶

Pakistan's experience after it established its Planning Board is typical. The Planning Board was an advisory agency without authority to make decisions. Its views, even the plan it eventually prepared, were merely recommendations which could only gain official status if and when approved by the Government. The idea of an advisory agency such as the Board was an innovation in Pakistan, where almost all governmental units were executing bodies. Not surprisingly, therefore, few persons in government, among the public, and even within the Planning Board itself, clearly understood what it was supposed to do. The Board's requests for information or for the submission of proposals frequently encountered passive resistance which handicapped and delayed its work. When it began making suggestions for changing projects submitted by the various ministries, departments and agencies, apathy sometimes gave way to open hostility.

In the governments of many less developed countries, the available supply of trained economic and technical expertise is often concentrated in the central planning agency. It is perhaps to be expected, therefore, that the planning agency will be called upon occasionally to do some tasks which are extraneous to planning. Sometimes, a central planning agency has to take on irrelevant responsibilities to obtain funds required for its operation. In Ecuador, for instance, the Government for some years did not provide funds for the Planning Board, which had to seek financing from the Central Bank, ministries and

⁵ Clark, Peter Bentley. "Economic Planning for a Country in Transition: Nigeria," p. 263.

⁶ Franco Holguín, Jorge. "Política Económica y Planeación," p. 371.

other government agencies. In return, it had to prepare special studies little related to planning. There have also been cases where the head of a planning agency himself has volunteered to do extraneous work or complied too readily to requests for such work from a head of government in order to justify his agency's existence or to strengthen his own position.

But widespread failure of officials to appreciate the function and purposes of planning and planning agencies accounts for a great deal of the extraneous work which central planning agencies are often required to perform. For instance, because government leaders were unfamiliar with planning in Morocco, the Council of Government and the Ministry of National Economy and Finance, in which the planning agency (DECP) was located, frequently turned over odd jobs to the DECP which had little or no relationship to planning. The DECP was required to study and make recommendations on import licensing problems, an investment guarantee program and the establishment of a thermal water resort. It was made the repository of any statistical or other documents received by the Government for which no other recipient could be conveniently located. An autonomous public agency which regulated prices of imports and exports of scarce commodities was incorporated into the DECP because government officials thought its functions were related to planning.

Examples in other countries are not wanting. The Ecuadorean Government considered it appropriate for its Planning Board to administer an "Industrial Encouragement Law," while the Colombian Government had its planning office licensing exports. The Colombian Government also turned over to the central planning agency the question of whether the Government should approve the establishment of commercial bank branches (a political "hot potato" which the Central Bank did not want to handle). The Honduran National Economic Council had to act as a staff secretariat for the President of the Republic, while the Indonesian National Planning Council was responsible for assisting the President on all economic matters. In Jamaica, the Central Planning Unit did a variety of odd jobs. Among other things, it prepared programs for foreign professional groups visiting the country, provided staff to accompany them on observation trips and prepared the Government's political proposals for the Constitutional Convention which considered the establishment of a West Indies Federation.

There appears to be a belief in some countries that planning can be a

part-time activity. Thus, several countries combine the planning function with finance, economic affairs or with a variety of other portfolios. The Congo (Brazzaville) has a Ministry of Planning and Supply, Mali, a Ministry of Planning and Rural Economy, and South Africa and Gabon, a Ministry of Planning and Mining. In Burma, in the early 1950's, a minister who held the portfolios of Religious Affairs and National Culture, which were his major concern, was also made Minister of National Planning. More recently, the Minister of Foreign Affairs was also Minister of Planning; while in Uruguay, a banker is the part-time director of the central planning agency (CIDE). Even in India, the Deputy Chairman of the Planning Commission at one time was Minister of Planning, Labour and Employment.

The heads of planning agencies are often expected to assume a variety of nonplanning duties as a regular matter and are frequently commandeered for special assignments. Thus, the Chairman of Pakistan's Planning Commission was also chairman of a committee which spent several months studying and recommending basic reforms in public administration. The head of the Technical (i.e., the planning) Department of Ecuador's Planning Board had to serve on a variety of committees dealing with such matters as smuggling, textile industry problems and commercial relations with other countries. In the UAR, the head of the planning agency was also a member of more than a dozen other organizations and committees. In addition to being on several committees concerned with the modification of tariffs and other matters little related to planning, the one-time director of Colombia's central planning agency was kept in the United States for about five months to help renegotiate short-term commercial bank loans to Colombian banks and to perform other duties extraneous to planning, while the head of Venezuela's Central Office of Coordination and Planning, a close confidant of the President, spent much time advising him on day-to-day economic and political problems. Responsibilities which are unrelated to planning, as well as attendance at innumerable conferences and meetings outside their countries, often require the heads of planning agencies and their chief assistants to be away from their duties for prolonged periods, diverting a great amount of their time and attention from the planning activities of their agencies.

The widespread lack of understanding of planning and its purposes in most governments inevitably produces friction. However, even where the nature of the planning function is better understood, it is futile to expect that no dissension will arise between a central planning

agency and other parts of government. When a planning agency prepares a plan which necessarily requires ministries, departments and agencies to change their long-time ways of doing business, divergencies and conflicts are bound to appear. The problem of keeping individuals and organizations hewing to the line of a plan also makes differences unavoidable. But friction can be minimized by bringing operating ministries, departments and agencies into the planning process. This can be done in various ways. As we shall see later, it can be done by making key ministers members of the planning agency, as well as by establishing and maintaining close contact between the staffs of a planning agency and operating organizations. And it can also be done if, whenever possible, a planning agency uses the work of operating organizations instead of its own.

In less developed countries, where trained and experienced planners are scarce, the smaller the burden placed on a newly established central planning agency, the better its chances of being effective. The planning agency should therefore restrict itself, as much as possible, to determining the extent of development resources, assessing broad alternative courses of action required for development, formulating plans, detailing the crucial policies, measures and machinery required to implement plans, and following and evaluating progress of plan implementation. If, in addition, it is represented on important committees related to planning, and acts as the secretariat for the various committees, advisory councils or boards and panels of experts which (as will be seen later) are essential for co-ordinating economic and investment policy, it is likely to have all the work it can do. Hence, a planning agency would do well to leave to other ministries, departments and agencies as much work as possible. The number of specific jobs that must be done to prepare and carry out a development plan, and the number of individual and detailed decisions that must be made at all levels, are so great that broad delegations of power are necessary. Even in a small country and in a simple economy, the formulation of a development plan is a complex job and the task of carrying it out must necessarily be diffused among a great many agencies of governments. The larger the country and the more complex the plan, the greater the number of agencies on whose action plan implementation depends. Yet many planning agencies fail to delegate work.

Some short-term policies are important for development and central planning agencies must be concerned with them. For this purpose, appropriate liaison must be established between a central planning

agency and government groups entrusted with making decisions on important short-run policy matters. In India, for example, the Planning Commission participates in activities of committees and agencies dealing with the granting of protection to industries, licensing of capital goods, issuing of permission to private enterprise to undertake investments and raise capital, and foreign aid and agreements; and in Pakistan, the Planning Commission participates in the activities of the National Economic Council, a high ministerial body which is responsible for co-ordinating economic policy with planning objectives. But many planning agencies become too involved in day-to-day policy decisions which are only loosely and indirectly connected with the problem of sustaining growth and development. These matters might well be left to a central bank, ministry of finance or other government body.

Planning agencies also frequently undertake research projects which could and should be farmed out to other government agencies or to private research firms. Planning requires much research in methodology, investment criteria and statistical methods, among other subjects, which a central planning agency is generally ill-equipped to carry out. Nevertheless, some planning agencies attempt to engage in long-term research projects in addition to planning. They thereby divert staff from planning operations. In some cases, they take on the appearance of research or study groups rather than planning agencies. As one example among many, Colombia's central planning agency during most of the 1950's largely neglected planning to concentrate on a series of research projects which other government agencies were well qualified to prepare. The central planning agency in Iceland prepares the country's national accounts. The central planning agencies in Argentina and Peru also produced national income series despite the fact that their respective central banks were already engaged in preparing similar figures.

In happy contrast, some central planning agencies have found it useful to associate themselves with universities or independent institutes which carry out research needed for planning while they concentrate on planning. One of the best known of these institutes, the Indian Statistical Institute, has for many years worked closely with the Indian Planning Commission. While the Institute's head is the Statistical Advisor to the Government, the Institute is independent of the Commission. It is, in fact, located in Calcutta and not in New Delhi, the site of the Commission. The Institute of National Planning in the UAR, which co-operates with the central planning agency in research and

training, is a part of the Ministry of Finance and Planning. However, it operates independently of the planning agency in the Ministry. Although experience has shown that it is desirable to separate planning and research, Greece recently brought them together by integrating its formerly independent Economic Research Institute with the planning group in its Ministry of Coordination.

If data furnished by a central statistical office is inadequate, a planning agency should try to help the statistical office improve them instead of setting up a competing unit of its own. Where operating organizations are unable to prepare projects and sector programs, a central planning agency should help operating agencies obtain technical assistance which would permit them to do the work instead of taking over the job itself.⁷ By getting other government organizations to contribute their work, and by providing assistance for this when needed, a central planning agency not only frees itself from burdens which prevent it from concentrating on subjects which are more appropriate for central planners; it also helps build up ministries, departments and agencies to do the job they should be doing, draws into the planning process organizations whose collaboration is essential to successful planning and avoids a common cause of conflict between central planning agencies and operating units. Common sense, as well

⁷ Sometimes, an operating agency's inability to prepare projects and sector programs is due to deep-seated traditional attitudes and administrative inefficiency or inertia which cannot be overcome merely by employing outside technical assistance. In this event, personnel changes and administrative reorganization may be called for which are necessarily difficult and time consuming to carry out. When a planning agency encounters this situation it often engages technicians for its own staff to do work which operating bodies should do. Professor Everett Hagen contends that, "This remedy is the only one in some circumstances," although he agrees that "it is far from ideal because it leaves operating officials with less interest in the project than if they had explored and planned it, and it leaves the agency without the technical capacity to execute the project effectively." [Hagen, Everett (ed). *Planning Economic Development*, p. 354.]

There is, of course, the question already discussed whether a central planning agency can be expected to operate effectively where the only remedy is for it to take over the functions of operating organizations. But besides this, the proposed remedy is of dubious value. Experience shows that it frequently creates more problems than it solves because it antagonizes operating agencies. Even more important than this is the fact that, when a central planning agency takes over an operating organization's functions in order to speed the progress of a plan, it implies a choice in favor of quick results in carrying out projects without lasting benefits in the planning process over one which might delay results but bring about an improvement of programming procedures in operating organizations. Because of this, the proposed remedy is likely, in the long run, to retard rationalization of the planning process.

as experience, tells us that an operating organization will co-operate more wholeheartedly on a project or program which it has conceived and prepared than on one which was formulated and foisted upon it by another agency.

One way for a central planning agency to curb any tendency it may have to duplicate the work of, or replace, other government bodies is to keep its staff small. The French Commissariat Général du Plan, from its inception, has deliberately maintained a small staff—it has between 40 and 50 professionals—in order to make sure that it will

call on others for help. Thus, the danger of that administrative calamity, a conflict of authority, is reduced at the very start.⁸

But this is not the only, or even the most important, reason for the Commissariat's insistence on a small staff.

It has sometimes been thought that this position reflected the cautious attitude taken by a new agency in its dealings with older departments jealous of their functions. In fact, the Commission was prompted rather by its anxiety to perform a sufficiently broad synthesizing role and to avoid becoming absorbed in overspecialized administrative tasks.⁹

It is not, therefore, to avoid conflict with other government bodies, desirable though that is, which primarily explains the Commissariat's position. It is rather its concept of what is a proper role for a central planning agency. For the French Commissariat Général du Plan recognized from the start, and has since had it amply confirmed by experience, that if planners are to make a significant impact on the development process, they must "avoid becoming absorbed in overspecialized administrative tasks" and "perform a sufficiently broad synthesizing role."

ROLE OF A CENTRAL PLANNING AGENCY

"Let us not think," writes a planning expert, "that by setting up some agency that produces 'plans' or that even by boldly putting the word 'planning' in its name, we have established a planning process."¹⁰ There

⁸ Massé, Pierre. "French Economic Planning," p. 5.

⁹ UN. Consultative Group on Planning for Economic Development. "The Political and Administrative Organization of the Planning System in France," p. 44.

¹⁰ Gross, Bertram M. "When is a Plan Not a Plan?" p. 11.

is, it is true, a tendency in many countries to equate the establishment of a central planning agency with actual performance. Underlying this is the naïve notion that planning is the concern of a single agency, not the entire government. But as the Latin American Seminar on Planning pointed out, a country's development problems cannot be solved

simply by superimposing a planning agency on the existing administrative structure. It is essential for this structure to be overhauled too so that it can satisfy planning requirements or . . . the requirements of economic development policy. It is . . . a question of . . . the rational and systematic use of all the instruments at the disposal of the State for shaping deliberately the forces of the economy.¹¹

The creation of a central planning agency, in itself, does little to eliminate bottlenecks to increased output, increase productive efficiency or improve the rate of development. Planning agencies have been established in most less developed countries, but many are little more than paper organizations. They are frequently undermanned and their staffs are almost always untrained and underpaid. They are often out of touch with, and ignored by, ministers and heads of departments and agencies, and even by chief executives. In March 1963, the Organization of American States reported that

perhaps the deficiency most common to the Latin American planning agencies at the present time is that they stand isolated from much real economic decision-making and from the implementation and evaluation of development programs.¹²

The situation is often similar in Asia and Africa. In the Philippines, where the National Economic Council has been able to exert little influence on the course of development, a former member of the Council has stated that it was

the disregard by the President alone of policy recommendations of the Council which undermined the effectiveness of the Council.¹³

In Ceylon, Madagascar, Spain and other countries, planning offices were put in buildings far from the center of government activity, as

¹¹ UN. ECLA. *Report of the Latin American Seminar on Planning*, p. 126.

¹² OAS. Inter-American Economic and Social Council, Special Committee I, etc. *Programming for Development: Five Urgent Problems*, p. 2.

¹³ Araneta, Salvador. "The Planning, Approval and Implementation of Economic Policy," p. 144.

though to symbolize their remoteness from the activities of other government offices.

Planners, perhaps aided by foreign technicians, sometimes produce plans largely within the confines of a central planning agency's office in virtual isolation from other government offices or the private sector. Small wonder, then, if officials and businessmen devise their own investment programs without reference to these plans. In Colombia, for example,

to a considerable extent, the Ministries of the Government and the Presidential Cabinet have proceeded to work out individual investment programs with little regard for definition and coordination through a comprehensive national planning procedure. And the influence of planning with respect to goals for the private sector has been even less apparent. There has been virtually no attempt to involve the leaders of the private sector, who are of great importance in the operation of the economy, in the planning process. The projections and plans for the economy that have been developed to date, including the latest Ten-Year Development Plan, have been little more than abstract, mathematical exercises by small groups of technicians, usually from the foreign agencies indicated [i.e., the United Nations, especially the Economic Commission for Latin America], with little or no participation in the formulation of plans by those who would be concerned with their execution either in the public or the private sector.¹⁴

The success of any kind of planning, especially development planning carried out on a national scale, depends on the understanding, participation and support of those who must implement the plan. Herein lies a fundamental difference between wartime planning and development planning: in the former, the goal, to win, is clear-cut and universally accepted; in the latter, objectives are never so simple and agreement is never unanimous. A development plan, moreover, affects frequently conflicting political and economic interests of powerful groups. The planners' task becomes a matter of trying to reconcile, or at least to strike a workable balance between, a whole series of divergent interests, national and regional, executive and legislative, public and private, long-term and short-term.¹⁵ This can best be done by making the preparation of a plan a combined operation in which every one and

¹⁴ Columbia University School of Law. *Public International Development Financing in Colombia*, p. 144.

¹⁵ P.E.P. *Town Planning and the Public*, p. 16.

every group likely to be affected by it—government authorities and administrators, legislative and other representative bodies, regional and local authorities, technical and advisory bodies, the private sector and the public—is involved in the process in some appropriate way. It is in the course of preparing a plan that the various groups and interests are brought together and come to see eye to eye. The purposes of planning and the objectives of a proposed plan must be made clear to all concerned, the views and knowledge of the different groups must be considered and attempts must be made to make their activities consistent with plan objectives.

Experience shows that there is much value in this exercise. If the job is done skillfully, it leads to a plan which is respected and supported by all parties.¹⁶ The French Commissariat Général du Plan has been so successful in reconciling divergent views by bringing together all interested parties to help formulate national development plans, that the system it employs has been widely copied. A series of so-called modernization commissions are established for each plan. Each commission has between 30 and 50 members, more in exceptional cases, who serve without pay. Members are appointed by the Government upon nomination by the Commissioner General. They are selected from civil servants in the various ministries concerned, industry and other business, and labor unions. No attempt is made to maintain fixed proportions among these groups, since the commissions seek a consensus, not the vote of a majority, for their reports. Experts, especially university professors and consumers' representatives, are co-opted as required.¹⁷

The commissions are advisory. They have two main responsibilities:

1. To provide as much pertinent information as possible on past activities and future prospects for their sectors as basic material to be used in preparing the plan, and

¹⁶ *Ibid.*, p. 11.

¹⁷ For the Fourth Plan, 24 modernization commissions were established. Twenty were "vertical" commissions, each of which dealt with a specific economic or social sector (e.g., agriculture or power); four were "horizontal" commissions, each of which was concerned with general economic or other problems (e.g., manpower or financing). Each modernization commission set up study or working groups to consider and report to it on specific problems within its terms of reference. A commission might set up as many as 50 or 60 study or working groups. The number of persons who have served on the commissions and the working groups has been increasing with each plan. In 1946, 1,000 participated in the commissions set up for the First Plan; by 1961, almost 3,200 persons participated for the Fourth Plan.

2. to recommend policies and measures which they believe would improve conditions in their sectors.

But in the process of carrying out their duties, the commissions also lay a basis for getting members and the groups with which they are associated to adjust voluntarily the activities of their own enterprises or groups to conform with plan objectives.

Some developing countries which have adopted the French system have been successful in drawing a considerable number of persons and organizations into the planning process. Thus, the UAR was able to draw into the planning process large numbers of public and private persons through the use of six consultative committees operating with more than 60 subcommittees known as Joint Committees for Planning. These groups sat from January to May 1958 to prepare sectoral and other programs for inclusion in the over-all plan. They made detailed studies which specified projects to be included in the plan and estimated capital requirements for each project, as well as their expected yield, employment effects and likely impact on the economy.

But other countries have not fared as well. In Morocco, for example, where 15 specialized commissions were set up to help in preparing the First Five-Year Plan, the commissions did not operate effectively. Although many persons representing varied interests in the economy were members of the commissions or their subcommissions, the commissions and subcommissions were largely run by technicians from the government ministries most concerned. These technicians prepared the agendas and drafted all the reports. The reports not only did not take adequate account of views which differed from those who drafted the reports but frequently did not consider the impact of proposals on the economy. Despite the participation of some 1,500 persons in the commissions, the plan which ultimately emerged was hardly a joint product of those who had attended the meetings of the commissions.

The evidence indicates that where planners fail to include in the planning process those who must execute a plan, there is little likelihood that it will be implemented. It is, of course, no easy matter for central planning agencies in most less developed countries to prepare a plan co-operatively. Technical planning problems, especially if they are of the aggregative variety, are often beyond the comprehension of political leaders and administrators, and even more so of the average businessman or man on the street. The dilemma encountered when Nigeria's comprehensive National Development Plan was being formulated illustrates the problem:

Since the interpretation of the technical analysis of the national economy was subject to controversy even for trained economists, it was unrealistic to expect government officials to digest such complex data and then determine the targets for the development plan when they did not customarily work with such material. Many of the basic difficulties in formulating the government development plans stemmed from the fact that the planners, the officials, and the ministers each conceived of economic development in different terms. Each group was unsuccessful or reluctant to translate its concepts and unit of measure into terms comprehensible to others.¹⁸

Many planners feel that it is up to them to prepare an "ideal" plan and up to political and administrative officials to implement it. They therefore try to bend political and administrative officials to their concepts. But as we have seen earlier, it is rather the planners who should adjust to political and administrative realities. They must try to pose for political leaders and policy-makers a variety of options and courses of action for carrying out plan objectives. But, sometimes,

the danger exists that planning agency officials may seek to decide planning policy by virtue of *their* authority rather than through a process of discussion of the relative advantages of alternative possibilities. Even if their authority carries the day, the result will be to choke off the prospect of effective cooperation in the execution of programs.¹⁹

In the best circumstances, it is difficult for a new central planning agency to establish good working relations with operating organizations—most of them well entrenched by time and often headed by powerful ministers or other important political figures. Each organization has its job—defined by constitution, parliament or executive authority—and each does the programming it considers necessary to its job. But its programming and its work may be and often are (however unwittingly) inconsistent, not only with those of other government organizations but also with the policy laid down by the government. This is likely to be the case among the old ministries and agencies, long set on routine lines, especially with respect to the taking of the long economic view and rounded perspective which distinguish development planning from other kinds of economic activity. It may also be

¹⁸ Clark, Peter Bentley. "Economic Planning for a Country in Transition: Nigeria," p. 273.

¹⁹ Hagen, Everett (ed). *Planning Economic Development*, p. 353.

true of the newer, development-directed agencies which, fired by the enthusiasm for the programs that bring them into being, become claimants for resources for their own particular tasks, with little concern for a general development strategy.

So long as a plan drafted by a central planning agency remains largely an intellectual exercise, as it does in many countries, it can be regarded by operating ministries as requiring merely ceremonial approval. But once a plan shows signs of acquiring a measure of standing in a government as, for example, in the case of Japan's 1961-70 Plan, the ministries concerned

awake suddenly to the need of guarding their vested interests and attempt to take advantage of the plan for extending their own interests without in any way surrendering ministerial prerogative.²⁰

Ministries of finance, in particular, are soon made aware that as a central planning agency's activities broaden they necessarily impinge increasingly on budgetary and other financial functions, as well as on their control over public investment. In a *milieu* in which officials often view attempts to have them share their authority as a reflection upon their competence or integrity, ministries of finance tend to consider planning agencies as a threat to their position. This attitude is understandable where a central planning agency seeks, as it sometimes does, to take over budgetary or other functions from a ministry of finance. But even where a central planning agency has no intention to take over such functions, legitimate differences of opinion between planners and financial authorities arise about the level of investment to be attempted in development plans. A central planning agency, influenced by the rate at which population is growing and the need to maintain or increase per capita income, may propose a rate of investment which financial and budgetary authorities may consider inflationary or a threat to foreign reserves. Where planners and fiscal authorities work in harmony, it is possible to reconcile conflicting viewpoints. Development and fiscal responsibility are then found to be complementary, not antagonistic, objectives. That this is so has been revealed in Pakistan, among other countries. At first, Pakistan's ministers of finance frequently resisted the central planning agencies' attempts to increase public development expenditures. But, as a pleased high official of Pakistan's Planning Commission reported, a marked change occurred:

²⁰ Tsuru, Shigeto. "Formal Planning Divorced from Action: Japan," p. 143.

Fortunately, in recent years, the Minister of Finance has been even more 'bullish' about economic development than even the Planning Commission itself. This happy situation of course is not inherent in the institutional set-up but depends largely on the goodwill of the Ministry of Finance.²¹

But if bureaucratic interests are allowed to intervene, they tend to acquire a force and logic of their own. A central planning agency and a ministry of finance may then feel impelled to contest each other's views. Since in most countries, the ministry of finance is one of the most powerful ministries, frequently the most powerful, it can and occasionally does undermine a planning agency's position. In seeking to redress this situation by appealing to heads of government, a central planning agency is at a disadvantage. For although budgetary and financial officials may employ inadequate techniques and have a short-run view, these techniques and views are well known and generally easy to understand. But planning is new in most countries and its techniques and long-run objectives are generally harder to understand. Too frequently, they are also made even more unintelligible and esoteric by being presented in unnecessarily abstract forms. As a result, planners usually find it more difficult to convince political leaders that their approach is preferable to that of budgetary and financial officials.

The weakness of a new central planning agency in "the power configuration" of an established bureaucracy then becomes apparent.²² The old-line ministries and agencies continue to play an important part in determining the direction and amount of investment; indeed, considering that they include the budgetary authority and finance, they often play the crucial role. It helps the central planning agency if its functions, the manner in which it is to perform them and its relationships with other parts of government have been clearly defined. Inevitably, however, the dynamism of the agency will come not from any formal exposition of its powers and responsibilities but from the extent to which (a) it is supported by a strong and stable government, (b) the head and staff of the planning agency have the knowledge, experience and ability to command respect and (c) it is successful in establishing good working relationships with other government bodies.

Support by a strong and stable government is essential if a planning agency is to obtain guidelines and information needed to prepare a

²¹ Haq, Mahbub ul. *Planning Agencies*, p. 5.

²² Tsuru, Shigeto. "Formal Planning Divorced from Action: Japan," p. 143.

draft plan. It is also essential if a final plan is to be evolved which represents a consensus of means by which political decisions can be given effect. The whole procedure requires close and constant rapport between the planners and the chief executive. Where a legislature exists, it also requires that appropriate members of that body, preferably a committee, be brought into the planning process as early as possible. In India, relations between the Planning Commission and the Legislature are considered so important that one person of ministerial rank, the Minister of Planning, sometimes assisted by one or two Deputy Ministers, gives most of his time to dealing with Parliament on all matters connected with the Planning Commission.²³

A central planning agency, beset by a multitude of technical and co-ordinative problems in the executive branch of government, can easily neglect establishing adequate liaison with the legislature. Even in France, where the *Commissariat Général du Plan* and the Government go to considerable lengths to bring every group into the planning process, members of Parliament complained during the debate on the Fourth Plan that Parliament had not had sufficient opportunity to comment on the Plan before it was too late to make any basic changes. The Government accordingly agreed that for the Fifth Plan, Parliament should be consulted at a much earlier stage and be allowed to express its views when the preliminary alternative proposals were being discussed.²⁴ Where a legislature has not been adequately briefed at an early stage so that its leaders understand and agree with a plan's broad objectives, the consequences may be serious. In Senegal, for instance, when that country's Plan was presented to Parliament, the discussion and proposals for changing the plan showed that members of Parliament did not understand what a development plan was and that those who did were not sympathetic to the plan's objectives. These attitudes were not without repercussions for the plan's future.²⁵

Few central planning agencies have a staff of technicians and a head

²³ He heads an Informal Consultative Committee of Parliament for Planning consisting of about 86 legislators from both Houses, which provides a forum for detailed discussions between Committee members and the Planning Commission. The Prime Minister presides over a second and smaller group, the Prime Minister's Informal Consultative Committee for Planning, composed of 14 representatives of different political parties in Parliament. This Committee is intended to provide opposition leaders with an opportunity to participate in discussions involving plans and, in this way, make the plans more acceptable to all parties.

²⁴ UN. ECLA. "Planning in France," p. 30.

²⁵ Chaigneau, Yves. *Réflexions sur la Planification au Sénégal*, p. 17.

who have both the technical capacity and the good will needed to carry out its functions effectively. Assistance from abroad can temporarily fill gaps in technical knowledge until national personnel gain better mastery of planning techniques. But a planning agency's ability to work with other groups and organizations is a skill not obtainable from outside. Yet without this ability it cannot establish relationships with operating agencies on which much of its effectiveness depends. Operating organizations may at first regard a central planning agency with apathy if not with hostility. Much depends on the planning agency if this is to change. For in carrying out its duties, a central planning agency's attitude goes a long way toward determining the attitudes of those with whom it deals. If it is secretive or arrogant, there will be apathy or antagonism; if it is open and tentative in its suggestions, it is likely to induce co-operation and support.²⁶ If it pries on operating organizations or gives the impression that it wishes to do so, it will soon find itself excluded from many offices; if it consistently demonstrates a desire to work with operating bodies in settling differences, it improves the chances that its advice will be heeded.

When a plan is being prepared, operating organizations can provide useful information and experience in the fields of their competence. This is important in the preparation of a multiannual plan, but it is crucial in the preparation of an annual operational plan, since the latter requires considerably more detailed information than the former. Operating organizations are generally bound to have a much more intimate knowledge than a planning agency has of the administrative problems involved in carrying out projects and programs. Where a planning agency proceeds without consulting them, resources may be wasted and development delayed. In Jamaica, for example, after most of the funds allocated for the outright purchase of a site needed to execute a project had not been used, the planning agency's consultation with the operating organization concerned revealed that it normally takes three years to alienate land in Jamaica. Had the operating organization been consulted earlier, all the funds allocated for the purchase except the small amount actually needed to start necessary legal proceedings could have been allocated elsewhere where they could have been employed productively.

In connection with the execution of a plan, the consent and co-operation of operating organizations are also essential if they are to

²⁶ P.E.P. *Town Planning and the Public*, p. 11.

adhere to an agreed program and do the jobs required of them. In addition, if periodic evaluations of a plan's implementation are to be made, a central planning agency must rely on operating organizations for regular reports on the progress of projects and programs.

There is, therefore, a need for a central planning agency to establish channels of communication with operating organizations. These must be used to keep operating organizations informed of planning objectives and policies so that their work can be properly oriented. They must also provide means for an upward flow of information which will permit a planning agency always to know the progress of events. With such knowledge, changes in a plan can be made in good time and operating organizations which are deviating seriously from the plan can be brought back into line quickly. But the problem is not simply one of establishing formal channels of information and enforcement. If it were, it could be met, as many less developed countries have tried to meet it, by a continuing flow of minutes and reports and ceaseless inspections. These are likely to be needed, at least to some extent, but they do not guarantee the co-ordinated effort that good planning requires.

This is so because the major obstacle in the way of building up effective channels of communication is administrative. The governments of developing countries which try to plan have to assume a great many new tasks which strain their traditional organization and methods of administration. The general level of education may be low and the technically trained persons required for specialized tasks are few. Many of the governments faced with these problems are new and their top policy-makers and administrators are inexperienced. In this situation, administrative deficiencies become serious obstacles to the co-ordination of development activities. Because of this, some of the most effective co-ordination comes, not from formal machinery, but from regular informal contacts between individuals. It is in this way that the man concerned with the plan as a whole can best learn of the latest developments down the line which bear on the plan and the man down the line can learn of changes in policy which affect his work.

However desirable, liaison between a planning agency and operating organizations is not enough. Effective planning requires also that there be continual contact and close co-operation among operating ministries, departments and agencies. Where several government bodies are concerned with different aspects of the same economic sector, it is essential that they co-ordinate their activities to develop a common

policy and approach to the development of the sector. This need is especially great in agriculture and transportation because several agencies frequently operate within each of these sectors. It is also necessary to insure co-ordination of programs of agencies dealing with sectors—like transportation, communications, power, urban facilities and some types of training—which complement programs of agencies in other sectors.²⁷

Co-ordination of such programs can be advanced through the establishment of interministry working parties at the subministerial level whose members are drawn from the various government agencies concerned and from the central planning agency. These working parties, with staff from a central planning agency acting as a secretariat, have been found useful not only in co-ordinating sectoral programs but in dealing with foreign trade, monetary policy and other problems which cross ministry lines. They cannot make final decisions since this would infringe on the authority of ministers and agency heads. But if their membership is composed of the highest civil servants, they can speak with authority for their agencies and advise on courses of action which stand a good chance of being adopted. Among other advantages, they provide a useful way for each ministry or agency to learn about the problems and objectives of the others. They can thereby help reduce conflict among different agencies which arise from an unawareness of the consequence that an action taken by one agency may have on another's program.

In the formulation of India's Third Five-Year Plan, many officials who were expected later to participate in implementing the Plan were associated in the planning exercise from the beginning as members of a working group established for each important sector. Members of each group were selected from administrators and technicians in the ministries and agencies most concerned with the sector to be considered and from the staff of the Planning Commission. Of the 23 working groups, many had a number of subgroups (e.g., the Working Group on Agriculture had 20 subgroups). Each was responsible for co-ordinating activities of government ministries, departments and agencies operating in its sector and for preparing a program for the sector on the basis of provisional five-year targets furnished by the Planning Commission as guidelines. While the groups were to report to the Planning Commission, each was usually headed by the secretary of the ministry most

²⁷ Hagen, Everett (ed). *Planning Economic Development*, pp. 355–356.

concerned. A considerable part of the studies undertaken by each group was made by personnel in the ministries and associated agencies. The working group reports provided the basic material for a draft memorandum on the Plan which the Commission prepared. For the Fourth Plan, 45 working groups have been set up and these have established over 100 subgroups. It is also expected that steering groups may be established to co-ordinate the work of working groups operating in related fields.²⁸

The mere creation of such groups, however, does not guarantee co-ordination or insure the production of a jointly prepared plan. Experience shows that the effectiveness of such working groups largely depends on the efforts which a central planning agency brings to bear on the enterprise. In Ghana, for example, where the National Planning Commission set up nine subcommittees to help prepare sector and other programs to be used in the preparation of the Seven-Year Plan,

the sub-committees' work proceeded under unsatisfactory conditions. The members of the National Planning Commission had too much to do in their own spheres of activity to devote themselves wholeheartedly to this additional task. This being the case, the head of the Office of the Planning Commission . . . set about producing a detailed draft plan, which was therefore largely an individual effort.²⁹

The co-ordination of diverse programs and plans may be complicated by the constitutional structure of a country. For instance, this is true in India, Nigeria and Pakistan, where the authority of the Federal Governments, although great, is limited by their Constitutions. In these countries, state or regional authorities are deeply concerned with development and must be drawn into the framework of the national planning process. The political problems inherent in a federal system have usually been found to require the creation of a special, high-level body with members representing federal and state or regional governments to co-ordinate planning policy between different levels and to give over-all development plans a national character. For example, the state plans prepared in India are reviewed and combined with the national plan by the Planning Commission in New Delhi, after consultation with representatives from state governments. But a National

²⁸ Paranjape, H. K. *Planning Commission, A Descriptive Account*, pp. 48-49.

²⁹ United Nations Meeting of Experts on Administrative Aspects of National Development Planning. *Administration of Planning in Ghana*, pp. 12-13.

Development Council, composed of the Prime Minister, the chief ministers of all the states and the members of the Planning Commission, is the body charged with co-ordinating planning policy between the states and the Central Government.³⁰ In addition, the Planning Commission maintains three, more recently four, Advisors on Programme Administration whose function it is to co-ordinate state plans with national plans. Each adviser is responsible for specific states to which he frequently travels, sometimes with teams of experts from central ministries. His job requires him to give the states for which he is responsible the fullest possible assistance and advice on matters affecting implementation. At the same time, he checks cost estimates of projects assisted by loans or grants from the Central Government and reports to the Planning Commission on the progress of plan implementation in the states.

In Nigeria, regional plans prepared by regional planning bodies, together with the federal plan, were integrated by the central planning agency into the National Development Plan for 1962-68. But a National Economic Council, with the premiers of the four regions, five federal ministers, four ministers from each region and the Economic Adviser to the Federal Government as members, and the Prime Minister of the Federation as Chairman, has final authority for co-ordinating regional and national development plans. It meets infrequently and most of the co-ordinating work is done by a Joint Planning Committee set up by the National Economic Council. The Joint Planning Committee is composed of civil servants from the Federal and each Regional Government, with the Economic Adviser to the Federal Government acting as Chairman.^{30a} The Federal Ministry of Economic Development, i.e., the central planning agency, acts as the secretariat for both the National Economic Council and the Joint Planning Committee. In Pakistan, also, a National Economic Coun-

³⁰ The recommendations of the National Development Council are treated with respect by the Central Government, the states and the Planning Commission, although the Council has no constitutional or statutory authority. There is also a Standing Committee of the Council. It was originally intended that the Standing Committee would have a small membership and meet more frequently than the National Development Council. In practice, however, the Council has been meeting more frequently than its Standing Committee.

^{30a} Members include the Permanent Secretaries of the Federal Ministries of Finance, Trade, Industries, and Economic Development, the Director of Research of the Central Bank, the Chief Statistician who heads the Federal Office of Statistics, and three to six officials from each of the four regions, the actual number varying with the items on the agenda.

cil (NEC) and its Executive Committee, both containing representatives from the Central and Provincial Governments, play important roles in co-ordinating provincial and national plans. Co-ordination between the Planning Commission and NEC is insured through the Secretary of the Planning Commission who also acts as Secretary of the NEC (with the Planning Commission as secretariat). And in Yugoslavia, a Committee for Social Planning, whose members include the heads of the six Republican Governments, provides guidance to the Federal Planning Institute in the preparation of first drafts of Yugoslavia's plans.

Eliciting Public Participation

A development plan, of course, affects the public as well as a government. Unless the population of a country is not sufficiently articulate to create "public opinion" with which a government needs to concern itself (a situation which is becoming ever less prevalent), or a government intends to rely entirely on force to carry out a plan (a situation which has become even less prevalent), a plan's success depends on public acceptance of its objectives. In particular, it is the response from the private sector, which in almost every mixed-economy country comprises the great bulk of producers and consumers, which determines a plan's destiny. That response will to a considerable degree be fixed by the nature of the plan itself. But the desired response can be facilitated by some kind of public participation in the discussion and formulation of the plan. Thus, a draft plan may be made public and comments thereon invited. Discussion in the press, in professional societies and in public meetings can help elicit useful suggestions and stimulate interest and enthusiasm for the plan. Sometimes, educational programs are effective. Some countries conduct educational programs through special organizations established for the purpose. The Socialist Alliance of the Working People of Yugoslavia, for example, is such an organization. In India, numerous bodies have been established, both to give advice and to disseminate information about the plan.³¹ Pakistan

³¹ The Indian Planning Commission has set up a variety of *ad hoc* groups to study and make recommendations on particular problems and it maintains a series of advisory and consultative committees with representatives of industry, commerce, labor and agriculture, as well as panels of experts drawn from professional groups. Among the formal groups are development councils for a number of industries established by the Ministry of Commerce and Industry. They meet two or three times a year and, in association with the Planning Commission, draw up plans for their

also set up 15 panels to associate experts, as well as representatives from different economic sectors, in the formulation of the Third Five Year Plan. The most important of these was a 24-man high-level panel with 24 members, 10 of whom belonged to the private sector, and headed by the Deputy Chairman (the operating head) of the Planning Commission. This panel was convened to discuss the sector programs in the plan for industry and commerce.³²

Yet in many countries, surprisingly little is done to disseminate the contents of national plans. Only limited quantities of the plan document may be printed, frequently not in the prevailing vernaculars of the country. Often planners have neither the time nor the opportunity of acquainting the people of a country with their plan. In most African countries, for example, governments have neither staff nor organizations responsible for bringing business interests, trade unions or other public groups into the process of formulating development plans.³³ Except for a small number of civil servants and students, most people in a country may never have heard of their country's plan. According to the Economic Commission for Africa,

in a certain country only 3,000 persons of various professions and trades were informed of the plan's main features, although in that country the working force is about one million persons.³⁴

In Ethiopia, even fewer persons outside those immediately concerned in the Government ever saw the first Five-Year Development Plan until two and one-half years after the start of the plan period.

industries. The Planning Commission also meets with various business groups including representatives of the Federation of Indian Chambers of Commerce and Industry, the Associated Chamber of Commerce of India and the All India Manufacturers Association. Experts from outside the Government are brought into the planning process by means of eight panels, as follows: (1) Economists, (2) Scientists, (3) Agriculture, (4) Land Reforms, (5) Ayurveda or indigenous system of medicine, (6) Health, (7) Education and (8) Housing and Regional Development. These panels meet two or three times a year to express their views on policies and programs referred to them by the Planning Commission. (Natarajan, B. *Plan Coordination in India*, p. 17.) Early in 1964, the Planning Commission set up a National Planning Council, composed of 18 nonofficial members including economists, scientists, social workers, trade union representatives and other experts. The Council is to meet periodically and advise the Commission (*Economic Times*, January 19, 1965).

³² *Dawn*, March 6, 1965.

³³ UN. ECA. *Outlines and Selected Indicators of African Development Plans*, p. vii.

³⁴ *Ibid.*, p. vi.

In contrast, the Indian Government has made a great attempt to inform Indians about the contents of the country's Five-Year Plans. A National Advisory Committee on Public Cooperation coordinates all activities involving public participation in the planning process. A wide variety of activities are promoted. The plan document is translated into and printed in all 13 important languages of the country. Popular versions of the plan summary are produced and sold at low prices. The radio and documentary films are used. Lectures and seminars are held in various parts of the country. Educational institutions are drawn into the informational program in specific ways. For example, every college is encouraged to start a planning forum, and student excursions to projects under way are arranged. Peasants are given travel concessions to visit important projects, and organizations of various kinds are used to get the participation of women and other groups in the country.³⁵

But it has proved to be no easy matter to inform the mass of people about the purposes of planning. Despite all that has been done to bring the plan to the people in India, a Study Team on Five-Year Plan Publicity appointed by the Government in 1963 concluded that

the impact on the people of the existing programmes [for promoting understanding of the Plans and enlisting public support and cooperation in their implementation] has been tenuous, vague and diffused in content and no section of the population has been touched in a forceful manner.³⁶

Another study prepared by India's National Council of Applied Economic Research has reported that more than half the urban population in the nation was completely ignorant of the Five-Year Plans.³⁷

In Yugoslavia, the legislature has been used as a means of funneling information about the plan to the public, as well as for promoting public discussion and support for the plan. This is also done in India. Where a legislature does not exist or is inadequate as a sounding board for development policy, it becomes all the more important for a government to establish advisory bodies which reflect the various social and economic interests in the community. Some countries have made use of mixed commissions composed of government and private individuals to advise their governments on plans and economic policy. The Nether-

³⁵ Natarajan, B. *Plan Coordination in India*, p. 19.

³⁶ *Report of the Study Team on Five-Year Plan Publicity*, p. 224.

³⁷ *Economic Times*, November 16, 1964.

lands, for example, has established a Central Planning Committee consisting of 300 government officials, employers, trade unionists and economists to advise the Central Planning Bureau and the Government. Its Chairman is the Director of the Central Planning Bureau, Holland's central planning agency. France's Higher Planning Council, a similar body of 55 members which is presided over by the Prime Minister, has representatives of business and professional associations, trade unions, regional committees and the Economic and Social Council, a body which is described below. The twofold purpose of these mixed advisory bodies is to provide the private sector with a high level platform to air its views and the governments with a convenient vehicle for sounding out ideas it is considering. Both the Dutch and French advisory bodies have served a useful purpose in bringing to both the government and the private sector a better understanding of each other's problems and interests.

In 1963, Eire established a National Industrial Economic Council of 29 members representing government, industrialists and trade unions to give its views on the principles to be applied for the development of the country's economy. The Council started by examining in detail Eire's Second Plan. It published an interim report on the Plan and intends to follow up with additional reports. But an attempt by the Moroccan Government to make use of a similar mixed commission, the Superior Planning Council, ended in failure. Instead of discussing specific points in the First Five-Year Plan, as it was supposed to do, it became a political sounding board where discussions were more concerned with basic differences in the philosophies of the Government and the groups represented in the Council. After it became evident that it was without any influence on government decisions, it was permitted to expire.

The Netherlands and France have also experimented with organizations embodying the corporative principle, in which representation is determined on the basis of economic interest.³⁸ The Netherlands has a Social and Economic Council, on which employers, trade unions and independent experts are represented in equal numbers, while France has made increasing use of an Economic and Social Council, a body of 366 persons representing industry, agriculture, trade, services and labor. The Dutch Council meets frequently to discuss proposals,

³⁸ Yugoslavia used this approach to determine the representation of one of its Houses of Parliament.

forecasts and plans before they are considered by the Government and Parliament. The French Council has not been used as much as the one in the Netherlands, but the Government has announced that it purposes to make greater use of it. Italy has also used a National Council of Economy and Labor (CNEL) as an advisory body to consider its Five-Year Development Program before it was presented to Parliament.

Despite the attraction which French planning has for many less developed countries, they have generally not established bodies like the Economic and Social Council. This is probably because few countries have the close relationships which the French Government has with business interests and trade unions. In one Latin American country where the establishment of such a council was proposed by a French planning expert, the Government decided that it would be premature until experience and mutual confidence between the Government and the private sector had been built up. It was felt that a council convened to discuss a proposed plan in general terms might get unduly involved in controversial wage, price and other issues, thereby promoting schisms instead of better understanding between the Government and the business community. For the time being, therefore, the Government proposed to have the private sector participate in the planning process through less formal joint working parties created to discuss specific aspects of the plan which it was preparing.

It is clearly impossible to generalize about the form of a central planning agency's consultations with the private sector. In some countries *ad hoc* machinery may be preferable to permanent, formal machinery. But it should also be obvious that where permanent machinery has been established through which businessmen, farmers and workers can regularly and freely express their views, there is a better chance that a plan will reflect the realities in the private sector and induce the co-operation and support required for the plan's successful implementation. Whatever the means used to consult with the private sector, it must be adequate enough and take place sufficiently early in the planning process to give the business community a sense that it has participated in the preparation of the plan. Otherwise, it will not exert much effort to help implement the plan. The experience with Colombia's Ten-Year Plan is a good example of this. The Plan was prepared mostly *in camera* by a small group of technicians:

The major objectives had already been finally decided and the branch targets already fixed when the representatives of industry

were consulted about the figures adopted for their sectors. The amendments they requested were in general taken into consideration and the branch targets were accordingly modified.

However, Colombian business circles consider that this consultation was not thorough enough and feel that it should have taken place much earlier, i.e., before the general targets were decided.

As a result, it is not surprising that the private sector, the large majority of which is hostile to the very idea of planning, is reluctant to carry out projects it had very little share in preparing.³⁹

SUMMARY AND CONCLUSIONS

A central planning agency should be responsible for (1) the formulation and revision of national development plans and, in exceptional cases, regional development plans; (2) the preparation of annual operational plans; (3) recommending policies, measures and machinery required to implement plans; (4) reporting and evaluating plan implementation; and (5) co-ordinating foreign technical assistance activities or, preferably, be closely linked administratively to the unit responsible for this function.

Central planning agencies usually have most of these responsibilities and are sometimes given a wide variety of other powers. But the fact that a planning agency is given certain powers does not mean that it will be able to exercise them. Experience teaches that the more a planning agency's powers impinge upon the spheres of responsibility of existing government organizations, the more antagonism it arouses and the less it is likely to be able to perform the functions assigned to it. Even when not suspicious or hostile, officials frequently do not understand the purpose and role of planning. This largely explains why central planning agencies are often called upon to perform work extraneous to planning. There appears to be a belief in some countries that planning can be a part-time activity. The heads of planning agencies are often expected to assume a variety of non-planning activities as a regular matter and they are frequently commandeered for special assignments.

³⁹ United Nations Meeting of Experts on Administrative Aspects of National Development Planning. *Administration of Planning in Colombia*, p. 10.

Friction between planners and operating officials can be minimized by bringing operating officials and entities into the planning process. The smaller the burden placed on a planning agency, the better its chances of operating effectively. Hence, a planning agency does well to leave to other ministries, departments and agencies as much work as possible. Many planning agencies become too involved in short-run policy matters which are only peripherally connected with long-term development. They undertake research projects which should be farmed out to others. By getting others to contribute their work, central planning agencies not only free themselves to concentrate on planning *per se*; they also help to build up operating bodies in government to do the job they should be doing, draw into the planning process organizations whose collaboration is essential to successful planning and avoid a common cause of conflict between central planning agencies and operating units.

Experience teaches that where planners fail to include in the planning process those who must execute a plan, there is little likelihood that it will be implemented. In the best circumstances, however, it is difficult for a new planning agency to establish good working relations with operating ministries and agencies in a government. Once a planning agency acquires some standing in a government, ministries awake to the need of guarding their vested interests without surrendering prerogatives. Ministries of finance, especially, become aware that a planning agency's activities unavoidably impinge on budgeting and other financial functions. Where planners and fiscal authorities work in harmony, it is possible to reconcile their interests and points of view. But if bureaucratic interests intervene, a central planning agency and a ministry of finance frequently find themselves at loggerheads. Since in most countries, the ministry of finance is one of the most powerful ministries, it may undermine a planning agency's position. The weakness of a new central planning agency then becomes apparent. The old-line ministries and agencies, including the ministry of finance, largely ignore the planners in determining the direction and amount of investment.

Support by a strong and stable government is essential for a central planning agency if it is to operate effectively. There must be close and constant association between the planners and the chief executive. Where a legislature exists appropriate members of that body must also be brought into the planning process as early as possible. Where a legislature has not been adequately briefed at an early stage so that its

leaders understand and agree with a plan's broad objectives, the consequences may be serious.

A planning agency must establish channels of communication with operating organizations both to keep operating organizations informed of planning objectives and to provide itself with information needed for plan preparation, execution and progress reporting. In less developed countries, administrative inadequacies account for most deficiencies in channels of communication. Because of this, some of the most effective co-ordination comes, not from formal arrangements, but from regular informal contacts between individuals.

Effective planning requires also that there be continual contact and close co-operation among operating ministries, departments and agencies. Where several government bodies are concerned with different aspects of the same economic sector, or where a program in one sector (e.g., transportation) complements programs in other sectors, it is essential that a consistent approach to development be assured. It has been found that co-ordination in these cases can be advanced best through interministry working parties whose members are drawn from the various government agencies concerned and from the central planning agency. The political problems inherent in a federal system usually require the establishment of a special, high-level body with members representing the federal and the state or regional governments to co-ordinate planning policy.

A plan's success also depends on public acceptance of its objectives. Planners should never forget this. In particular, it is the response from the private sector, which in almost every mixed-economy country comprises the great bulk of producers and consumers, which determines a plan's destiny. The desired response can be facilitated by some kind of public participation in the discussion and formulation of the plan.

In some countries, the legislature is also used as a means of funneling information about the plan to the public, as well as for promoting public discussion and support for the plan. Other countries have made use of mixed commissions composed of government and private individuals for the same purpose and to advise their governments on plans and economic policy. Experience shows that a wide variety of ways may be used to consult with the private sector, but whatever means is used must be adequate enough and take place sufficiently early in the planning process to give the business community a sense that it has participated in the plan's formulation.