

Chapter III

The Spread of Development Planning

If planning did not exist, the logic of the times would demand its invention.—Anonymous

EARLY PLANNING

TODAY, the national plan appears to have joined the national anthem and the national flag as a symbol of sovereignty and modernity. But it is only within the last decade, especially in the second half of the decade, that the diffusion of development planning became worldwide. Thirty-five years ago, no country was engaged in long-term development planning on a continuing basis, although earlier examples of planned development of a nation or a region can be found in the first decades of this century, as well as in earlier periods going back to antiquity. In ancient times, construction of highway networks, terraces for agriculture, or irrigation and flood control systems involved a considerable amount of development planning in Mesopotamia, Babylonia, Egypt, India and China, as well as in pre-Columbian Indian civilizations of Mexico, and Central and South America. In modern times, development plans made their first appearance in colonial and other dependent territories. The Belgian Government introduced a public investment plan for the Belgian Congo's railways and mines in 1906 and a more extensive program of public works, which was carried out over a period of years, in 1920. What appears to have been the first outline of an integrated development plan in modern times was advanced by the British Governor of the Gold Coast, now Ghana, in 1919 to cover a ten-year period.¹ But the widespread acceptance of development planning as a means of accelerating the rate of economic growth and achieving other development objectives is of very recent origin.

¹ The so-called [Sir Gordon] Guggisberg Plan for 1920–30. See, Greenstreet, D. K. "The Guggisberg Ten-Year Development Plan," pp. 18–26.

Prior to World War II, the Soviet Union was the only country engaged in systematic development planning, having adopted its First Five-Year Plan in 1929. The Soviet leaders considered planning a corollary to socialism, the means for creating

the material and technical basis of Communism and the highest standard of living in the world through the establishment of high and stable rates of growth and of optimal interrelationships in the development of the economy.²

The advent of planning in the USSR seems to have made an impression on Indian leaders long before political leaders in most other countries. As early as 1933, Shri M. Visveswaraya, one-time Chief Administrator of Mysore and a leader in the industrialization of southern India, prepared a ten-year plan for doubling India's national income.³ When a Conference of Ministers of Industries, meeting in 1938 under the chairmanship of the President of the Indian National Congress, established a National Planning Committee, the Committee revived the idea of planning to double the national income in a decade. As in the USSR, the problem of economic backwardness was viewed mainly as one of "catching-up" with the advanced countries. The resolution setting up the National Planning Committee stated that catching-up was a matter of industrialization, and industrialization one of planning:

the problems of poverty and unemployment, of National Defence and of economic regeneration in general cannot be solved without industrialisation. As a step toward such industrialisation, a comprehensive scheme of National Planning should be formulated.⁴

Although World War II interrupted the work of the Committee, its activities made the Indian people and Government keenly aware of the need for planning. This awareness, and the agitation it produced, led the British Government in 1941 to appoint a high level government planning committee in India and to replace it in 1943 by an even higher level reconstruction committee of the Cabinet with the Viceroy as Chairman. Then in 1944, a Department of Planning and Development was set up. At the request of this Department, the Central and Provincial Governments prepared a number of projects to be under-

² Bor, Mikhail Zakharovich. "The Organization and Practice of National Economic Planning in the Union of Soviet Socialist Republics," p. 113.

³ Visveswaraya, M. *Planned Economy for India*.

⁴ Ghosh, O. K. *Problems of Economic Planning in India*, p. 46.

taken after the war. In 1944, also, eight leading Indian industrialists issued a plan, known as the Bombay Plan, which proposed doubling per capita income and trebling the national income in 15 years.⁵ But the exigencies of war and the Indian political situation prevented the preparation and execution of development plans. Little was accomplished until partition of the country in August 1947 and attainment of independence gave new impetus to planning in both India and Pakistan.⁶

The history of development planning in the Philippines is generally similar. Interest in planning there became active as early as 1934, when the economic implications of impending independence were being discussed. In that year, the Philippines Economic Association issued a report advocating planned development of agriculture, fishing, industry, mineral resources, transportation and trade. In 1935, two months after the establishment of the Commonwealth, the transitional stage before independence, a National Economic Council was created to prepare development plans. Stimulated by the "New Deal" Government in the United States, with its ideas of planned mobilization and redistribution of production facilities and purchasing power, as well as regional planning through the Tennessee Valley Authority, interest in planned development in the Philippines intensified through the second half of the 1930's. But here, also, the outbreak of war interrupted attempts to give effect to planning proposals.

The war interfered with the growth of development planning almost everywhere, the exception being the Caribbean. Following recommendations made by a Royal Commission, appointed in 1938 to investigate civil disturbances and other grave problems created in the West Indies by a drastic decline in prices of that region's most important cash crops, the British Government in 1940 passed a Colonial Development and Welfare (CD&W) Act, superseding a Colonial Development Act passed in 1929, which provided for funds to be allocated to colonial development. The 1940 Act covered all British colonies, but during the war years shortages of materials and personnel made it impossible to carry out proposals for colonial development except in the West Indies. In nearby Puerto Rico, Governor Tugwell, appointed by the New Deal Government in the United States, and one of its staunchest exponents, strongly advocated planned development

⁵ *Ibid.*, p. 48.

⁶ *Ibid.*, pp. 47-48.

to reduce unemployment on the island through the increase of jobs and expanding production. Development planning started by a Planning Board established in 1942 was vigorously advanced through the war years. But the Caribbean was an exception; in most places the war hindered incipient development planning. Nevertheless, the war was a turning point for planning.

POSTWAR PLANNING

The experience of World War II, when the industrialized free-enterprise economies had used physical planning to insure that scarce materials and other commodities went to priority production, demonstrated that when the people of a country were moved by a common aim under emergency conditions, ambitious plans could be carried out. And after the war ended, continued shortages made it necessary for most countries to retain wartime planning measures for several years.

Europe. France became the first country in Western Europe to attack its reconstruction and development problems through a multi-annual plan. In France, pressure exerted by members of the postwar provisional Government to substitute planning to a considerable extent for market forces, which before the war had failed to remedy the effects of the great depression of the 1930's, led in 1945-46 to the preparation of the First (Monnet) Plan of Modernization and Equipment. From the Government's point of view, no other choice was feasible:

France in 1945 had not only to rebuild the ruins of the war and to repair the damage of the Occupation period. It had to make good the lag it had suffered in relation to the other great industrial nations, not only during the wartime years of intensive technological innovation but also during the earlier period 1930-40. Modernization or decadence—that was the dilemma on which the authors of the First Plan centered their project.⁷

The coming of the European Recovery Program, or Marshall Plan, in 1948 soon increased the number of European nations with plans. Under the Marshall Plan, each participating country was required to prepare comprehensive four-year and annual plans embracing its

⁷ Massé, Pierre. "French Economic Planning," p. 4.

resources and their utilization, which became the basis for governmental policy and action. During the Marshall Plan period, the United States actively supported the formulation of plans in these countries, a role which it considered consistent with its responsibility for providing aid for the reconstruction of Western Europe.

When the Marshall Plan ended, with its goals more or less accomplished, some of the countries involved retained and expanded their planning activities. Through its second and succeeding four-year plans, France sought to influence the rate and composition of investment in order to bring about a continuing high rate of economic expansion, while the Netherlands continued with annual plans directed primarily toward the maintenance of monetary and balance of payments stability and, secondarily, toward encouraging a level of economic activity appropriate to its resources. Meanwhile, in Eastern Europe, the countries which had come under Russian influence began planning on the Soviet model to expedite the rehabilitation and expansion of their nationalized economies.

Asia and the Middle East. At the end of the war, Asian countries which either had, or were about to, become independent, embraced planning to a much greater extent than countries in any other region. In the Philippines, a Joint Philippine-American Finance Commission, established to recommend measures which would allow the Philippines to recover from the effects of the war and to attain a rapid rate of economic growth, included in its 1947 report a five-year plan for capital investments for the 1947-51 period. This section of the report, known as the Hibben Plan, was the first of a long series of development plans in the Philippines. Some countries, outside as well as inside Asia, felt so strongly about the need for planning their development that they adopted a practice followed in the socialized countries of incorporating in their constitutions a requirement for planning. Thus, Burma which, like the Philippines, had established a central planning agency, the National Planning Board, before independence, adopted in Section 41 of its Constitution a provision that

the economic life of the Union shall be planned with the aim of increasing the public wealth, of improving the material conditions of the people and raising their cultural level, of consolidating the independence of the Union and strengthening its defensive capacity.

When Egypt entered into its abortive union with Syria, the provisional constitution for the UAR provided that the national economy would be organized in accordance with plans conforming to principles of social justice and aiming at a rapid improvement in the standard of living.⁸

In India, a vigorous resurgence of interest in planning followed the cessation of the war. Soon after the Interim Government was established in September 1946, an Advisory Planning Board was appointed to propose measures for co-ordinating planning activities, setting planning objectives and priorities and creating planning machinery. Among other proposals, the Board recommended that a central planning commission be established. But it was not until a Working Committee of the Indian Congress Party made a similar recommendation in January 1950 that the creation of the Indian Planning Commission was announced in February 1950, within a month of the promulgation of India's Constitution. Meanwhile, early in 1948, a few months after the partition of India, Pakistan had created a Development Board with authority to co-ordinate development plans, recommend priorities, watch the progress of development projects and report to the Cabinet on such progress. Pakistan was partly influenced by a desire to make more secure its economic independence from India, with which it engaged in what a high official has described as "a kind of 'growth-manship' rivalry."⁹ But the deplorably low standard of living in the new nation also contributed to the Government's decision to engage in planning to speed up the country's development. Indeed, the resolution of the Working Committee of the Indian Congress Party which explained why planning was essential for India could also have been applied to Pakistan:

The need for a comprehensive plan has become a matter of compelling urgency in India now owing to the ravages of the Second World War and the economic and political consequence of the partition of the country which followed the wake of the achievement of freedom and the steady worsening of the economic situation in India and the world.¹⁰

Development planning in Asia received new impetus through the newly formed Colombo Plan for Cooperative Economic Development

⁸ National Bank of Egypt. *Economic Bulletin*, p. 6.

⁹ Hasan, Said (Deputy Chairman, Pakistan Planning Commission). *Dawn*, August 14, 1963.

¹⁰ Ghosh, O. K. *Problems of Economic Planning in India*, p. 50.

in South and Southeast Asia. In May 1950, member countries (at the time consisting of Ceylon, India, Pakistan, Malaya, Singapore, North Borneo and Sarawak) drew up six-year development plans for the period July 1951 to June 1957 to constitute a blueprint of the Colombo Plan. Although none of these plans were carefully prepared or carried out and some were replaced before their term ended, e.g., in India by the First Five-Year Plan in 1952 and in Pakistan by its First Five Year Plan in 1955, they captured the imagination of Asian political leaders and gave the region a lead in development planning which it has not lost. The conquest of Mainland China by a Communist regime brought the Soviet variety of planning to the largest country in Asia. Today, every Asian nation outside the Middle East, except Sikkim, has prepared a development plan of some kind.

Colonial Planning. The effectiveness of wartime planning in the United Kingdom and elsewhere, as well as the pioneering results of development planning in the West Indies in carrying out projects and programs under the CD&W Act of 1940, convinced the British Government that development planning for the colonies was desirable. In 1945, when a victorious end to the war was in sight, another Colonial Development and Welfare (CD&W) Act was passed which more than doubled the amount which the United Kingdom had previously been prepared to make available for colonial development. To give effect to the Act, the Colonial Office required the colonies to prepare and submit ten-year development plans for 1946-56, on the basis of which CD&W funds were to be apportioned. Because of postwar uncertainties and personnel shortages, most of the plans were not prepared and accepted before the end of the 1940's or the early 1950's. But then, a major shift had taken place in the purposes which the British Government sought to accomplish through the ten-year plans. The primary purpose of the Colonial Development Act of 1929 had been to help solve the unemployment problem in the United Kingdom. In contrast, the CD&W Act of 1940 had as its main purpose improvement of the welfare of the colonial territories. This was also the original purpose of the CD&W Act of 1945, but after the financial crisis of 1947 in the United Kingdom, increased output and income from which each territory could finance most of its own development became a main British objective of colonial development.

Other European colonial powers also adopted development planning for their colonies. More for strategic than for economic reasons,

France had pursued a policy designed to make the economies of its colonies complementary to that of metropolitan France in order to fit them into an "integrated autarkic imperial economy."¹¹ To this end, a Colonial Development Fund had been created in 1935 to provide investment resources for the colonies over a 15-year period. After the war, a ten-year colonial development plan, known as the *Plan Pleven*, was prepared for the years 1946 to 1956 which confirmed the prewar policy of integrated development. With the advent of the Marshall Plan, the *Plan Pleven* was replaced by the French four-year plans, covering the entire French Union.¹² Morocco, Algeria and Tunisia had special status as part of the territory of France. They had been excluded from the *Plan Pleven* for the colonial territories, but their plans were included as regional plans within the over-all four-year plans, eligible for Marshall Plan financing.

While most of the British CD&W plans had been prepared by the Colonial Governments in the territories, the French plans were usually prepared in Paris. Portugal drew up plans for its territories in Lisbon. In 1948-49 a Belgian mission, in co-operation with the colonial administration, prepared a Ten-Year Plan for the period 1950-59 for the balanced social and economic development of the Belgian Congo. A Ten-Year Plan for 1950-59 was also prepared for the Belgian Trusteeship Territory of Ruanda-Urundi; while the Netherlands, without Indonesia, concentrated on the preparation of a development plan for Surinam. At the request of the Netherlands and Surinam Governments, preliminary studies by Surinam's central planning agency were reviewed by a survey mission of the World Bank, in September 1951. On the basis of the mission's proposals, a Ten-Year Development Plan was issued by the Surinam Government in 1952 and a revised version was adopted in October 1954.

The World Bank. The World Bank has been an important agency, from about 1950, in starting or accelerating organized national developmental planning in many countries. As a result of recommendations by its survey and other missions, many countries and dependent territories have either established or reorganized central planning agencies, or prepared national development plans based on World Bank recommendations. In Iran, where planning activity began in 1946

¹¹ Niculescu, Barbu. *Colonial Planning, A Comparative Study*, p. 71.

¹² Plans for French Overseas Departments are still included in a section of the French National Plan.

with a Planning Committee of Iran's Central Bank and two government planning committees established to prepare plans for utilizing Iran's petroleum earnings for economic expansion, World Bank advice resulted in Iran's engagement of foreign consultants who helped prepare projects for implementing the country's First Seven-Year Plan of 1948. The World Bank also has furnished countries with resident advisers and other technical assistance to help prepare and implement national development plans and programs. In 1964, the Bank established a West African Office and an East African Office to help African countries prepare projects and programs, initially in agriculture and transportation.

Aid and Planning. The spread of development planning has also been stimulated by Western countries providing loans and grants. Whether or not these countries have favored planning for their own economies, they have accepted planning in recipient countries and often insisted on the formulation of plans before they extended aid to less developed countries. Thus, countries like the Republic of Korea, the Republic of China (Taiwan) and Afghanistan started to prepare plans mainly to meet requirements of donor countries which supply foreign aid. The United States has taken a strong stand in advocating development planning in less developed countries. In his State of the Union Address to the Congress of January 30, 1961, the late President Kennedy proposed that all United States foreign aid be extended on the basis of "orderly planning for national and regional development instead of a piecemeal approach." The Charter of the Alliance for Progress, the Program set up in 1961 by 20 nations in the Western Hemisphere as a co-operative effort to improve education, housing, health and economic growth in Latin America, requested Latin American countries to create or strengthen their long-term development planning machinery and facilitate the preparation and execution of long-term plans. In response, nine Latin American countries which previously had no central planning agencies, established such bodies and most Latin American countries started or intensified development planning activities. All Latin American nations now have national planning bodies engaged in some form of development planning.

Africa. Development planning in Africa, which had been greatly stimulated by the colonial powers, particularly by the British CD&W Act of 1945 and by French postwar plans, took a new importance as

new States emerged on that continent. By the beginning of 1965, 35 independent African nations had formulated development plans. Among Africa's independent nations, only Ruanda had not formulated a development plan. But planning in Africa has not been restricted to the newer emergent nations. Ethiopia has had two five-year plans and, at the end of 1964, the Union of South Africa issued its first Six-Year Economic Development Programme for 1964-69.

Among the new nations of Africa, the limited purview of colonial planning was broadened to encompass nothing less than the full realization of economic potentialities. Thus, while Nigeria's planners agree that a significant amount of development took place in the ten years preceding independence, they believe it is nevertheless

true to say that nature's rich endowment—in the shape of the country's lands, rivers, its underground wealth, the resources of its ocean front, and, above all, its virile population have scarcely yet been developed to a degree sufficient to alleviate the poverty of the bulk of the people.¹³

One planning objective in Nigeria, therefore, is the development of these natural endowments to support a continual improvement in her people's living standard. But

the basic objective of planning in Nigeria is not merely to accelerate the rate of economic growth and the rate at which the level of living of the population can be raised; it is also to give her an increasing measure of control over her own destiny

by making the country less dependent on foreign assistance, foreign private capital and sudden changes in prices of her primary exports.¹⁴

These aspirations, which are by no means peculiar to Nigeria, have been given increased urgency by beliefs commonly encountered in developing countries that the breach between rich and poor countries has been widening, and that only planned development in the less advanced countries can halt or reverse the trend. As seen through Egyptian eyes,

unprecedented prosperity in Europe and other developed countries which began shortly after the Second World War enhanced the desire of the rest of the world to achieve higher standards of

¹³ Nigeria. Federal Ministry of Economic Development. *National Development Plan, 1962-1968*, p. 1.

¹⁴ *Ibid.*, p. 3.

living. The widening gap in the standard of living between developed and under-developed countries raised more than one question concerning the means of . . . reaching the stage of mass consumption. . . . To cut through the vicious circle of poverty, economic planning was entrusted with the difficult job of upsetting the elements of stagnation and initiating a series of new investments that may result in a new rising spiral of prosperity.¹⁵

Recent Developments. In the last few years, national development planning has also been adopted by most industrialized countries. After a long period of debate, the United Kingdom has begun to plan for development. In the spring of 1947, the Labour Government in power in the United Kingdom had established an Economic Planning Board composed of industrialists and labor unionists and a Central Economic Planning Staff in the Treasury to prepare long-term programs for manpower and resources. But except for a Four-Year Plan for 1948/49 to 1952/53 prepared for the Organization for European Economic Cooperation in 1948, no plans were published. The question of planning vs. free enterprise has been raised frequently as an aftermath of wartime planning, with the anti-planners generally in the ascendancy until the mid-1950's. But sentiment changed as the largely short-run policies (mostly fiscal and monetary) failed to increase production, productivity, and income while maintaining employment, price stability, and a balance of payments surplus. There was, moreover, a growing belief that French planning without controls could also be employed in the United Kingdom. These factors brought a revival of proposals for planning in the second half of the 1950's. In 1962, the Conservative Government in power established a National Economic Development Council (NEDC) which was charged with studying ways of removing obstacles to growth.¹⁶ NEDC issued reports which included (a) five-year national accounts projections for 1961-66 and 1966-70 based on a growth target of 4 per cent per annum (a rate substantially higher than the rate of 2.5 per cent which has prevailed in recent years in the United Kingdom), and (b) a consideration of the policy implications involved in attaining the 4 per cent growth rate. When the Labour Government took office in 1964, it established a Department of Economic Affairs which then started working on a five-year development plan. In ad-

¹⁵ National Bank of Egypt. *Economic Bulletin*, p. 5.

¹⁶ Worswick, G.D.N. "A Technically Advanced Country: England," pp. 294-322 gives an excellent account of the background and the developments which led to the creation of the NEDC.

dition, planning machinery was set up for Northern Ireland and six English regions. Planning agencies are also to be established for South West England and for Scotland and Wales. The likelihood is therefore that planning will play an increasingly important role in the United Kingdom.

Italy¹⁷ and Belgium,¹⁸ using the French planning system as a model, are also planning their development on a national scale.¹⁹ The Netherlands is preparing a five-year plan. Norway, which since 1954 has sought to rationalize and co-ordinate investment and economic policy through a system of four-year "national budgets," prepared by temporary secretariats in the Ministry of Finance, has now set up a permanent planning secretariat in the Ministry of Finance. In Sweden, where similar *ad hoc* Royal Commissions of experts have issued on their own responsibility economic forecasts since 1948 in the form of multiannual national budgets, a permanent Council of Economic Planning has been established under the chairmanship of the Minister of Finance, with a permanent secretariat in the Ministry of Finance. Most of the less industrialized countries in Europe have also turned to planning as an essential element for their development. Portugal began to plan its development in 1952, Eire in 1958, and Cyprus, Finland, Greece, Iceland, Malta, Northern Ireland, Turkey and Spain in the 1960's. In Finland, a special commission appointed by the Government, published a plan for 1960-70 with targets and recommendations of policy measures deemed necessary to fulfill the targets.²⁰ And in Denmark, the Government prepared a plan for the development of public investment for three fiscal years beginning in 1965. Outside of Europe, Japan approved its first five-year development plan in 1955; and Canada established a 28-member Economic Council of Canada which has made forecasts of the expected rates of growth in incomes and output in 1965-70, on the basis of what the economy can be expected to do and what it could do if resources are used efficiently. The gap between the two, "points to the problems."²¹

Among the more important industrialized nations, only the Federal

¹⁷ A national Economic Planning Committee started work in the autumn of 1962. A five-year plan for the period 1965-69 has been prepared and approved.

¹⁸ A Program for Economic Expansion for 1962-65 was approved by the Belgium Senate in June 1963.

¹⁹ Belgian planning also borrowed the Netherlands' technique of basing the plan on an analysis of prospective trends.

²⁰ UN. ECE. "Long-Term Planning in Western Europe," p. 59.

²¹ "Canada's Planners Walk a Tightrope," *Business Week*, p. 148.

Republic of Germany and the United States have not taken steps to engage in national development planning. It remains to be seen whether Germany can long resist the pressures which have made the other regular members of the European Economic Community, or European Common Market, resort to national planning. These pressures are likely to increase when the European Economic Community begins to co-ordinate the medium-term economic policies of its member countries in a program scheduled to start January 1, 1966. As the result of greater interdependence which the program is likely to foster within the Community, Germany may find it undesirable to forego the possible advantages which co-ordinated planning gives to its trading partners in the Common Market. Several State governments in Germany already engage in planning and the Federal Ministries of Transport, Post Offices and Health have each prepared multiannual investment programs in their fields of activity. In addition, the Government has recently established a four-year framework for its annual budget. The Federal Government plays a strong role in the economy. Between 1948 and 1957, public investment exceeded 40 per cent of total new investment. A series of Government measures passed to promote investment in certain sectors and exports has also increased the extent of Government intervention in the economy.²² The Government has also established a Council of Economic Advisers to report annually on the possibilities for achieving the Government's economic objectives, including a steady and appropriate rate of growth. It may be, therefore, that only a doctrinal vocabulary separates Germany from planning.

In the United States, the Kennedy Administration had indicated that it aimed to increase the annual growth rate in the United States in the 1960's from 2.5 per cent prevailing in 1953-60 to 4 per cent or more. Dr. Walter W. Heller, then Chairman of the U.S. Council of Economic Advisers, said that the United States'

commitment to growth is clearly reflected in its 1961 pledge in concert with the other 19 members of the OECD to seek an increase of 50 per cent in the combined output of the Atlantic Community in the decade of the Sixties [and] in the President's stated determination to achieve once again the rates of growth of 4 per cent, or better, that we experienced in the early postwar period.²³

²² Blass, Walter P. "Economic Planning European-Style," p. 113.

²³ Heller, Walter W. "The Commitment to Growth."

For a decade from 1933, the United States had a National Planning Board, renamed the National Resources Planning Board, which was concerned with national, regional and sectoral planning. But it did not succeed in creating co-ordinated planning machinery before it was abolished by congressional decision in 1943. The Employment Act of 1946, which established a Council of Economic Advisers in the Executive Office of the President and a Joint Economic Committee in the Congress, requires the President to send Congress an Economic Report at least once a year. The Report is expected to set forth the levels of employment, production and purchasing power required to accomplish the purposes of the Act; to estimate the likely levels of employment, production and purchasing power under existing conditions; and to indicate changes in policies and legislation required to achieve the Act's goals. Although the Act has been considered by some to be a mandate for planning,²⁴ neither the Council of Economic Advisers nor the Joint Economic Committee has interpreted it in this way or attempted to develop a planning apparatus to achieve the Act's purposes. Many government agencies have prepared multiannual programs of their own, especially in the Department of Defense, but except for limited attempts by the U.S. Bureau of the Budget, no agency relates these programs to over-all development goals.

There are U.S. officials who would support national planning to raise the rate of U.S. domestic economic growth, reduce unemployment and co-ordinate U.S. economic policies with those of the Atlantic Community. The American Federation of Labor and the Congress of Industrial Organizations (AFL-CIO) has proposed that a national planning agency be established to evaluate national resources and needs and set priorities in the application of resources for meeting those needs.²⁵ Some American business leaders are also interested in the applicability of planning to American economic problems. In June 1962, the Committee for Economic Development, an organization sponsored by large American corporations, sent a group to Europe to learn how planning worked there and to seek an answer to the question the late President Kennedy had asked a month before: "What is it they are doing that perhaps we could learn from?"²⁶ Under authority granted by the Congress, the U.S. Bureau of Labor Statistics has been making two long-term projections of the national income in 1970 on the

²⁴ See, for example, Colm, Gerhard. "Economic Planning in the United States," p. 40.

²⁵ *New York Times*, November 20, 1963.

²⁶ Blass, Walter P. "Economic Planning European-Style," p. 113.

basis of alternative rates of growth of 4 and 5 per cent per annum, as opposed to the historical rate of 3 per cent. The Government expects that the study, which is being supervised by an interagency Committee on Growth headed by a member of the Council of Economic Advisers, will furnish information about what makes the U.S. economy grow and what steps Government and business will have to take to make the economy grow faster.²⁷

In April 1963, President Kennedy created an Appalachian Regional Commission composed of federal and state officials to propose means for improving the rate of progress in a depressed region of 165,000 square miles covering parts of 11 eastern states and including some 16 million people. The Commission prepared a six-year plan for the region which emphasizes the opening up of isolated areas through the construction of highways and access roads. The plan also provides for the establishment of new health and education facilities, land restoration, mine reclamation and timber development. In March 1965, a Federal law was enacted authorizing the use of funds for the first two years of the six-year plan. When the Appalachia Region legislation was being discussed in the Congress prior to its enactment, legislators from other regions indicated that they would introduce legislation to promote regional planning for greater growth in their own regions. The Johnson Administration has indicated that it would support other soundly conceived plans for regional development. The outlook is, therefore, that regional planning, which started in the United States in the 1930's with the establishment of the Tennessee Valley Authority, will soon spread to other parts of the country. If this happens to a considerable extent there may be need for Federal action to coordinate planning in the various regions.

SUMMARY AND CONCLUSIONS

In summary, national development planning has now spread throughout the world, as much to the more advanced as to the less developed countries. The unprecedented economic expansion in Europe during the postwar years has made the governments of less advanced countries profoundly concerned with the problem of raising living standards in their own countries. Rightly or wrongly, the general

²⁷ *Washington Post*, August 18, 1963.

belief in developing countries is that national planning has contributed greatly to European prosperity. This belief is fortified by the growing emphasis on planning within the European Common Market and the adoption of development planning by almost every European country.

These events have produced a demand in the less developed nations for faster progress toward fuller development. At the same time, rapidly rising populations in less developed countries have made a high level of economic growth mandatory if annual per capita income is to increase. In Thailand, where population is growing at over 3 per cent annually, a high official considered "economic planning a matter of necessity rather than choice."²⁸ While in Ethiopia,

the introduction of planning . . . was based on the conviction that progress could be accelerated only by planning. . . .²⁹

A meeting of planners and planning experts in the Caribbean did not go as far as this, but it still held that

sound planning for economic development is essential to secure orderly progress and social and economic improvement in individual countries, as well as within the Caribbean region as a whole. . . .³⁰

Thus, national planning is widely believed to offer the means for overcoming obstacles to development and for ensuring systematic economic growth at high and constant rates. In the words of one observer, all Asia—he could as well have said all the world—

today is plan-minded: among the newly self-governing nations central economic planning is widely regarded as an *open sesame* which will allow them to pass through the barrier dividing their pitifully low standard of living from the prosperity of their former rulers. . . . they feel they must make a big effort to catch up. But this, they are convinced, requires a central plan. . . .³¹

The "demonstration effect" of Russian planning in transforming the USSR from a backward nation into one with the second largest

²⁸ *Christian Science Monitor*, September 28, 1963 (citing the Deputy Minister of Development).

²⁹ Ethiopia, Office of the Planning Board. *Second Five-Year Development Plan 1955-1959 E.C.*, p. 1.

³⁰ Caribbean Organization. *Report of Joint Meeting of Planners and Planning Experts and Standing Advisory Committee of the Caribbean Plan*, p. 8.

³¹ P.E.P. *Planning in Pakistan*, p. 87.

industrial sector in the world in only four decades has been important in popularizing planning. More recently, the successes ascribed to French planning have inspired many countries to start planning. The trend was encouraged further by foreign aid programs and international institutions engaged in the lending.

The expanding interest of less developed countries in planning for economic development is reflected in recent United Nations resolutions calling for international action to strengthen national planning activity and the considerable number of international conferences and institutes devoted to economic development and development planning. The United Nations Commissions for Asia, Africa and Latin America have published manuals on techniques of planning and programming, and all have either established or are in process of establishing economic development institutes to advise and train planners in their regions. The Economic Development Institute of the World Bank, which was the first in the field, has expanded its activities with courses related to development planning in English, French and Spanish, and with courses in project evaluation.

The world-wide acceptance of planning as a means of achieving national developmental objectives has made academic the doctrinal debate about whether a country should plan. For most countries, the question now is how to plan. There are still those who equate planning with socialism or with central controls harmful to freedom and private enterprise, but these are a dwindling band! Arthur Lewis' assertion that "we are all planners now"³² may have been premature when first published in 1949, but it is not likely to be seriously disputed today.

³² Lewis, W. Arthur. *Principles of Economic Planning*, p. 14.