The procedure of national planning

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1 Some customary procedures

In chapter 3, section 4, I defined planning procedure as the nature and the sequence of the contacts which the office for economic planning establishes with the outside world. In this chapter, I shall be dealing with this procedure in more detail. To begin with, however, it is of interest to note some of the most widely applied of these procedures.

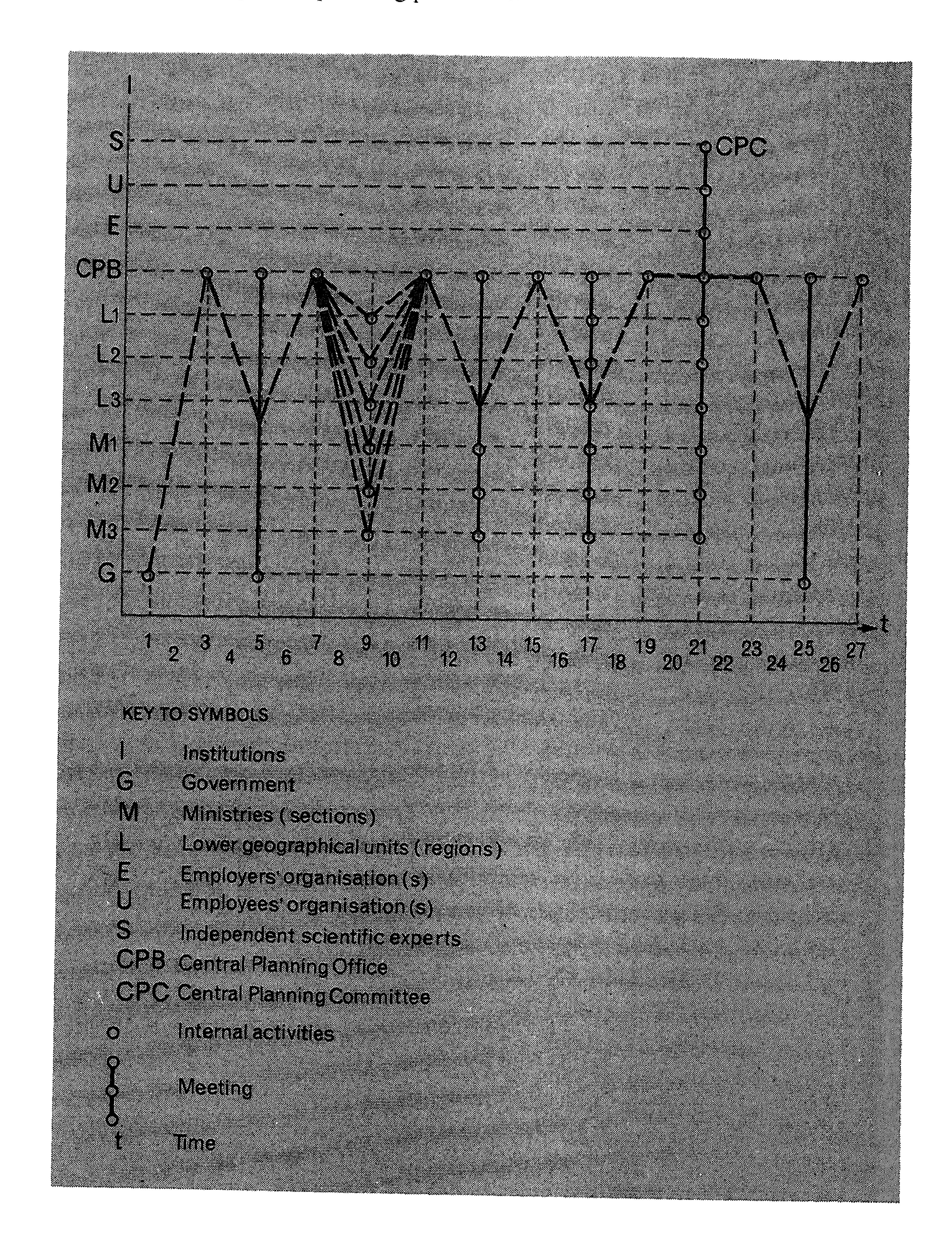
The first contact which the planning office usually makes with the outside world is with the government. This will be concerned with the general aims of economic policy and the restrictions involved in the application of certain means. The government of the Soviet Union normally lays down the lines along which the most important commodities, such as steel, coal, electricity, a number of agricultural products, textiles, and so on, are to be produced. This contact probably took place in several stages, in other words, in the form of a consultation, resulting in the planning office being supplied with the so-called control figures. One of the functions of the planning office may therefore be to iron out any possible discrepancies in the main aims of the plan as a whole. A similar procedure is followed in a number of developing countries. In recent years, several more macro-economic concepts have also been employed in this procedure. The growth-rate aimed at in the national income is a very important datum in this connection. This growth-rate was decided upon during this initial consultation both in Turkey and in the United Arab Republic, 7 per cent being the figure decided upon.

Contacts are also established, in the middle phase of planning, with the sectors and the regions. They usually take the form of consultations with a number of ministries and a number of public bodies at the lower level. Contact is made with the latter only in rather larger countries with a federal or similar structure or with fairly powerful public bodies at the lower level. The ministries act, to some extent, as intermediaries with the production units. In countries with a rigid organisation, such as the Soviet Union, these production units have, of course, already been amalgamated into

larger units, as trusts or combines. This function will in certain cases be assumed, in countries with a large private sector, by employers' associations or by chambers of commerce. It is nowadays generally regarded as desirable that employees' organisations should also be involved in this procedure. In the Netherlands, for example, there are combined organisations of both employers and workers, flanked by independent experts, and in other Western European countries, Economic Councils in which both parties are represented. A great number of committees, both permanent and ad hoc, exist in various countries (France and Turkey for example). each of which is responsible for a certain industry, and which manntains a general check on the development of that industry along lines laid down by the planning office, in consultation with the ministries concerned. It is then possible, at a given moment, to enter upon the microphase, when the individual projects will be appraised and selected. In the communist countries, a proposal for further development is systematically required of all production units. This proposal is passed on to the higher units and eventually comes before the planning office, in its original or in an amended form. This does not take place in quite so systematic a manner in countries with a large private sector of industry. On the one hand important projects for the creation of new undertakings are submitted to government authorities, with a view to obtaining the necessary permits, possible financial concessions, and so on. On the other hand, by far the greater number of smaller investments and investments for expansion are now known from sample enquiries on investment plans. These provide a statistical picture of total activity, without applying any criteria as to the 'attractiveness' of these projects.

When the plan is more or less ready, contacts of a more general kind take place, usually with a specially formed planning council or central planning committee, on which leading representatives of the government, ministers or senior officials serve. This council or committee then approves the plan. Procedures vary in different countries. In some – not only the communist countries, but also, for

Figure 28. Example of a planning procedure.



example, Turkey – a plan is given legal force. In others, the government simply gives its consent to the plan. These final consultations are sometimes preceded by other consultations with, for example, the private sectors or public bodies at a lower level.

An example of a procedure is given in figure 28. It should, however, be noted that this does not agree in every respect with an existing procedure.

2 The optimum procedure and procedural principles

In most countries, both communist and non-communist, many contacts are made with the outside world and it is difficult to see them as a connected whole made in stages. In fact, the total impression of the whole can be quite chaotic, especially when the planning method followed is that of trial and error, and even detailed descriptions do not always give a clear picture of what actually happened. The time has certainly come for a more systematic investigation to be made into the 'optimum' procedure. By this, I mean the procedure leading, with the minimum expense and trouble, to a plan that will satisfy certain requirements of realism and consistency. So far, very little thought has been given to this question. For this reason, I can do no more than make a few provisional comments on the subject.

In the first place, it is worth while to examine what in fact justifies these contacts with the outside world. The two main justifications would seem to be democratic right and the utilisation of available knowledge. All those whose fortunes are ultimately determined by the plan have a certain right to be heard. It is also in the interest of good planning that the maximum use should be made of all available knowledge and in particular of the detailed technical and human knowledge available in the various 'cells' of the community. It is, however, probably true to say that the immediate difficulty here is that most experts in these fields are at the same time usually the most interested parties. But this does not mean that the decisions should also be taken by these parties. In my opinion, this

is not always desirable.

The main problem of the optimum procedure, then, is the order in which those concerned must be heard, and perhaps also how often they should be heard. An important secondary problem is how they should be represented and how many intermediary stages there should be. It will of course be clear that there are sometimes so many groups involved that they can only be included in the planning procedure if this is done in a highly organised manner.

As I have already said, there is still no clear solution to these problems. It is, however, possible to indicate some characteristics and certain methods, at least in outline. It will, of course, depend on the aims, and even more on the means of the development policy in what sequence the contacts can best be made. The nature of the means themselves will determine the grouping of the parties concerned. If, for example, means are used which affect all investors indiscriminately, then they can all be heard together. If, on the other hand, means are used which only concern certain sectors or regions, it will be necessary to work with smaller groups.

Only very abstract statements can be made about the method by which it is possible to find the optimum procedure. The work of obtaining planning figures is to some extent a mathematical problem of solving a great number of equations. These equations will show 1 the technical constraints to which the economic process is linked, and 2 the conditions for attaining maximum prosperity under the side-conditions 1. The method of calculation will differ according to the structure of these equations. A certain kind of information is needed at each stage, and this will probably have to be obtained from a contact. It is therefore conceivable that the shortest procedure will be found as a result of determining the structure of these equations.

A very simple example of this is given in figure 29 on page 183. This relates to a problem described in detail in appendix F (case A).

We are still only in the very first stages of research into this question. All the same, it is possible to make temporary shift by

following the planning phases outlined in chapters 6–10 and asking ourselves at each phase what contacts suggest themselves more or less naturally at that phase. Then what has just been discussed can be done – the structure of the calculations can, in other words, be translated into a procedure. The structure of the procedures that are usually followed will be found in the outline provided in section 1 of this chapter.

3 The groups to be consulted

If the principle is accepted that all those concerned should be heard and that use must be made of their knowledge, provided that a high level of efficiency is maintained, and if it is true that these parties should be organised in this procedure according to the functions that they fulfil in the production process, then it should be possible to prepare a list of the groups which have to be contacted. This list will reflect the economic, social and geographical structure of the country. It will also have to begin with very large groups (the macrogroups) and end with smaller groups, in accordance with the activities of the various planning phases.

As I have already said, the very first contacts – those in the macrophase – will be with the representatives of the population as a whole. This will, of course, be the government of the country. There is naturally the possible doubt as to whether, in any given concrete case, the government in power in fact represents the people of the country, but a discussion of this question would take us too far from our main theme. Contact with the government is the most important of all in the macrophase. Other contacts, however, may also be made in this phase, with the organisations of the most important social groupings – employers', employees' and consumers' organisations in particular.

In the middle phase, contacts will be established with the representatives of the large sectors and regions. On the one hand, the ministries empowered with the administration of these sectors – agriculture, transport, industry, trade, education, and so on – and of

these regions (in the case of larger countries, the state or regional government bodies) will be consulted. On the other hand, contact will also be made with the 'free' organisations of farmers, haulage contractors, industry, trade and education and so on, and with the corresponding trade unions. Finally, there may also be a special reason for consulting representatives from the 'problem' areas.

In the microphase, individual state services, large industries aiming to carry out projects and smaller geographical units will be contacted. One problem which arises at this stage is whether the planning office should have direct consultation with these numerous bodies or whether this should be done for the planning office by the ministries, local government bodies and so on at the higher level. Another problem is that of the organisation of the work of planning itself – to what extent should 'partial' planning offices, for sectors or regions or units at the lower level, be included within the planning organisation, and to what extent should these partial planning offices be regarded as forming part of the outside world? I shall deal with this problem in the following chapter.