# The planning organisation

### 1 The national organisation

In this chapter, I shall discuss the hierarchy of persons entrusted with the work of economic planning. We have already seen that the planning organisation can be made either more or less comprehensive, according to whether most of the work is done within the organisation itself or whether it is farmed out to others – the 'outside world' to which reference has been made in the previous chapter. We shall restrict ourselves in this chapter to a consideration of the organisation within one country, in view of the fact that the national government is always invested with most of the real power in any country. In section 2 I shall discuss the place of the planning machinery within the government, in other words, the external organisation. The subdivision of the planning organisation into departments, etc. – the internal organisation – will be discussed in section 3. Finally, in section 4, I shall have a few comments to make concerning the kind of education, training and experience that the staff of a planning office should have.

In this introductory section, I should like to say something about the size of the planning organisation, that is, the number of persons employed. It will, of course, be clear that this depends on the extent of the task. This will be much greater in countries with a very detailed economic policy than in those whose policy is broader in outline. There are something like a thousand officials in the planning organisation of the communist countries, whereas perhaps only several dozen are employed in the countries of the West. The size of the organisation will also depend upon how much of the work is farmed out - in Norway, for example, a very large part of the work is farmed out in this way. Generally speaking, it may be said that a great deal of planning is farmed out in countries with a large private sector of production, even though it may not be, so to speak, consciously farmed out. (The reader who is anxious to obtain data on the subject of this chapter is advised to consult a study made by the Economic Institute of the Netherlands, published by Yale University. [24])

Figure 29. Mathematical structure of planning problems and definition of functions (procedure and organisation). This diagram symbolises, in an extremely simple way, the consecutive steps in a mathematical procedure which may be followed in calculating a plan. The precise explanation will be found in appendix F (case A).

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## 2 The external organisation

In this section, I shall deal briefly with the relationship between the planning office and the government of the country. What usually happens is that there is a special staff at the service of the government as a whole. The form of organisation may, however, vary from a separate ministry to a simple office forming part of one or other of the ministries or the executive instrument of the president, as in the case of the American nations. The most desirable form in Europe would seem to be an office within the ministry of the Prime Minister. There are, however, countries in which the planning office comes under the Treasury or the Ministry for Economic Affairs. It is in any case desirable that sufficient freedom should be given to the planning office for its directors to be able to go direct to the government even if the minister under whose authority the office comes disagrees with the view held by the office in a particular instance.

Part of the planning activity is bound to be concerned with the economy of separate sectors and regions and even of units at a lower level. The problem arises here of whether this work should be allocated to the planning office or to the ministries or to the regional governments concerned. Both solutions have advantages and disadvantages. A planning organisation that is too powerful may give rise to opposition when harmonious co-operation is especially needed. On the other hand, an organisation which is responsible for the planning of all activities under one and the same roof will probably gain in efficiency – for example, in the distribution of the work.

Another problem is whether economic planning in the narrower sense of the word and physical planning should be undertaken by one single organisation or by two separate organisations. These two kinds of activity are so different from each other that it is not altogether a disadvantage to separate them. This problem is, of course, connected with the fact that these two spheres have so far been integrated only to a very limited degree. As in this book I have advocated greater integration, the reader ought not to be

surprised that I regard a single organisation as ultimately the most natural form.

# 3 The internal organisation

It is desirable that the functions and responsibilities within the planning organisation should be clearly defined if these are to be fulfilled efficiently. This means that there must be a distinct hierarchy within the planning office itself, in other words, a clear subdivision into departments, each with its own functions. The various tasks or functions must to some extent be independent of each other or no division will be possible. Certain broad principles can be suggested as a reasonable basis for a division of tasks within the office.

A first principle is that short-term activities should not be allowed to interfere too much with long-term activities. Experience has shown that this happens when the same persons are given both tasks. These two kinds of work should therefore be kept distinct. The office should have a department for research and long-term planning and other departments for short-term planning and advice.

Another principle is that the tasks should be inferred from the mathematical structure of the solutions to the problems of planning. This principle can only be worked out fully in a later stage, but in practice rules are followed which can be explained, if only approximately, in this way. This means that there will normally be some departments engaged on macro-economic relationships and planning, and others that are concerned with separate sectors and regions. This, however, poses a distinct problem – should the main internal organisation be according to sectors or according to regions? It is probably better to organise the office according to sectors, since there is a greater difference in the specialised knowledge of the various sectors than in that of the various regions. But it is important to add here that the optimum division of tasks according to their relative independence will to a very great extent depend on the means of the economic policy that are to be put into effect.

There are, however, so many interdependent relationships that an important part of the work of the planning office must form a single connected whole. This is the work of solving the simultaneous equations. It is usually possible to subdivide the task of estimating the coefficients, but, for the purpose of checking interdependence, it is often necessary to form *ad hoc* working groups, consisting of members of various departments. This does not, however, mean that, as is suggested in some quarters, the staff of a planning office should consist of a group of university graduates without any hierarchical structure.

### 4 The education of the staff

Because of the comprehensive nature of the tasks undertaken by a planning office, its staff will have to include experts with widely different educational backgrounds, training and experience. The two most important groups will be economists and engineers, and within each of these groups there must be specialists in many different fields. Among the economists, there will be experts in statistics, in national accounting, in public finance, in econometric and mathematical techniques, in the theory of international trade and in agriculture and other branches of industry. The engineers on the staff of the planning office should also have specialised in the most important branches of industry and should preferably be in tune with economic thinking. There will also be specialists in the fields of education, social relationships, government and administration. Their specialised knowledge will be the result partly of their university training and partly of their previous practical experience.

There may well be specialists, too, among the assistants without a university education, who have gained specialised experience in their previous work. A knowledge of social relationships, especially in industry, is, of course, particularly desirable.

The education of the staff can be extended by courses and lectures followed by discussion, organised by the planning office

and open to officials from the ministries and lower public bodies involved in the planning activities.

Despite the fact that many of the staff members will be experts, they must also be able to express their specialist knowledge in simple language, as co-operation both inside and outside the planning office must be encouraged. As in the case of every co-ordinating activity, an ability on the part of the collaborators to communicate with each other easily is most important.