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Reorientation in Development Planning

by Hans-Helmut Taake, Berlin *

Development plans form one of the bases from which a development process starts. One of the problems encountered is that a large variety of action parameters in the political and economic spheres have to be taken into account in the drafting of a plan and in structural analysis. The problem of target identification, organisational structure and implementation is always the cardinal element of the concrete planning and decision-making process.

The major contributions to development planning to date have been marked by a rather one-sided concentration on the generation and elaboration of programming techniques¹. This was probably due to the notion that economic overall planning must be seen primarily as the application of logic to economic decision making with a view to consistent optimised combination of means and objectives in a purposeful rational relationship. This concept was formalized and operationalized in the framework of the quantitative theory of economic policy (Frisch, Tinbergen, Theil) and included among the instruments of the development planner. One result of this was that many less developed countries (LDCs) were flooded with a surfeit of econometric programming procedures and efforts to orient these decision-making techniques specifically towards the real needs of administration in the LDCs met with less and less success.

Unrealistic Assumptions

That in the concrete planning and decision-making process problems of target identification, the structure of the politico-administrative organisation and plan implementation are the truly cardinal elements is only slowly beginning to gain acceptance. They were previously eliminated from the formal consideration with the help of the *ceteris paribus* clause on the ground that they were subjects of other branches of science and marginal. Planning however is not simply a matter of efficiently attaining optimal relationships between means and objectives, but essentially a "politico-economic process that draws together the techniques of economic analyses and the forces of consensus-building, decision making and action taking..."².

The working of concrete planning processes refutes the unrealistic assumptions in accordance with the traditional planning theory of a passive environment and of planning instruments capable of free manipulation by one single decision-making agency. The concrete planning processes can

be characterized explicitly as corrective and adaptive responses to influences which are emanating from an active environment. They are conditioned by the structure of the system to which the planning process applies. There is moreover an obvious causal nexus between the prevalent politico-strategic conditions in a country, its political aspirations and the consequent priority rating of development planning in the eyes of the political leadership, and the degree to which it commits itself to and identifies with the use of such an instrument. This conclusion is borne out by the results of our investigations in South Korea, Afghanistan, Zambia and Taiwan³ and confirmed by Adelman and Morris⁴ on the strength of a representative sample of 74 countries.

Clearly the "development commitment" of a political leadership can be judged from its will and ability to establish a planning machinery which gives prominence to implementation, for "*planning is not writing plans*"⁵ — an activity in which foreign economic consultancy groups have engaged often enough — but planning means designing a "central strategy with priorities for the longer term, and seeing that it is carried into effect in

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¹ Cf., e.g., I. Adelman (ed.), *Practical Approaches to Development Planning: Korea's Second Five-Year-Plan*, Baltimore 1969; H. B. Chenery (ed.), *Studies in Development Planning*, Cambridge (Mass.) 1971; L. M. Goreux and A. S. Manne (ed.), *Multi-level Planning: Case Studies in Mexico*, Amsterdam 1973; among German publications: B. Knall, *Grundsätze und Methoden der Entwicklungsprogrammierung — Techniken zur Aufstellung von Entwicklungsplänen (Principles and Methods of Development Programming — Techniques for Drawing up Development Plans)*, Wiesbaden 1969.

² D. C. Cole and P. N. Lyman, *Korean Development — the Interplay of Politics and Economics*, Cambridge (Mass.) 1971, p. 203.

³ H. H. Taake, *Politische Planungs- und administrative Entscheidungsprozesse bei der Aufstellung und Durchführung von Entwicklungsplänen — Empirische Analyse einiger ostasiatischer Länder unter besonderer Herausstellung Taiwans (Political Planning and Administrative Decision-making Processes in the Drawing-up and Implementation of Development Plans — Empirical Analysis of some East Asian Countries with Special Reference to Taiwan)*, Berlin 1974, p. 145 ff.

⁴ I. Adelman and C. T. Morris, *Society, Politics and Economic Development — A Quantitative Approach*, Baltimore 1967, pp. 78-81.

⁵ D. Seers, *The Prevalence of Pseudo-Plannings*. In: M. Faber and D. Seers (eds.), *The Crisis in Planning*, Vol. One: *The Issues*, Sussex 1972, p. 32.

tactical day-to-day decisions"⁶. Instances of demonstrative "development commitment" on the part of political leaderships without concurrent purposive orientation of the machinery of planning to the implementing of the plan are in fact nothing but noncommittal though perhaps politically expedient verbal avowals of planning and a sure sign that they are meaningless.

Among the many tokens of a propensity to implementation in development planning there are three which deserve special consideration as being of an exemplary character:

Active participation in the planning process of extra-ministerial and basic groups. Success and viability of economic planning in decentralized systems (mixed economies) depend overwhelmingly upon the extent to which such groups participate in the preparation (especially at the stage of target identification), implementation and evaluation of the plan. The farmers, businessmen, workers, consumers, etc., who will ultimately be the ones to feel its impact, must be enabled to cooperate in the planning. Their motivation can be positively stimulated only if the overwhelming majority of them are allowed a share in the planning process and if they can look on the development plan as a reflection of their own wishes and are for that reason willing to accept the strains and sacrifices involved. As they know the local conditions better, such cooperation will besides make for more realism in the determination of plan objectives and more accurate fine-tuning of the selected instruments in adjustment to the actual situations encountered.

Transformation Into Partial Plans

Existence of viable administrative sub-systems under the central government at provincial, district and village level. An institutional framework must be provided to enable basic groups to make their contribution to the planning process so that binding views can be expressed, and administrative mechanisms must be available to pass on information, formally or informally, "from the bottom to the top" and "from the top to the bottom". It has been shown in detail by the example of the sectoral planning for agriculture in Taiwan⁷ how the process of plan drafting begins at the village level with protracted bargaining at annual production conferences between basic groups, administration and agricultural producer cooperatives as information transformers and how this process continues at subsequent repeat performances at the district and provincial and finally at the central government level. For this purpose the sectoral plans have to be transformed into partial plans which fit in with the interests of the various ministerial departments, and there has

to be a careful linkage of the different levels of decision making to ensure smooth transition from product, sub-sector and sector planning to macro-planning. Otherwise relatively comprehensive project and macroeconomic plans may be left hanging in the air because of inadequate sector and sub-sector planning, as happened with the Indonesian five-year-plan (1969-74).

Establishment of institutionalized mechanisms for settlement of disputes and coordination at important levels of decision making in the planning machinery. There usually emerge three basic differences of interest which seem to defy solution – except by the undisguised use of power – and must therefore be defused and softened by regular negotiating sessions in the framework of institutionalized clearing facilities at which the parties can strike bargains on a compromise to last for a limited time:

- ☐ The conflict between the aspirations of the politicians and the technocrats/administrators on major macro-alternatives (alternative time horizons, planning strategies, GNP growth rates, etc.).
- ☐ The conflict between economic overall balance and special sector interests (e.g., the self-interest of agriculture or manufacturing industry).
- ☐ The conflict between central government and village and district administrations caused by particular regional or ethnological conditions.

Target Identification betwixt Information and Motivation. In his later publications⁸ Frisch tended to give prominence to the previously neglected implementation aspect by setting up a "multidecisional administrative model". Owing to his methodological bias in favour of his previous formalistic model types for the solution of allocation problems, however, he leaves the crucial questions unanswered and concentrates entirely on a study of the "feasibility and optimality of a series of game runs under a given administrative structure"⁹.

It can however be easily shown in detail that planning machineries are in reality complex organisational and decision-making structures the construction and functions of which, including the distribution of competencies within them and their decentralized sub-systems, are utterly incompatible with the notion of a single decision-

⁶ *Ibid.*, p. 32.

⁷ H. H. Taake, Politische Planungs- und administrative Entscheidungsprozesse... (Political Planning and Administrative Decision-making Processes...), *ibid.*, p. 29 ff.

⁸ R. Frisch, An Implementation System for Optimal National Economic Planning without detailed Quantity Fixation at a Central Authority. In: G. Kreweras and G. Morlat (eds.), Proceedings of the 3rd International Conference on Operational Research Oslo 1963, Paris-London 1964, p. 20 ff.

⁹ R. Frisch, Optimal Implementation. In: *Revista Internazionale di Scienze Economiche e Commerciali*, Vol. XIII, No. 1, Milan 1966, p. 11.

making agency which is implied in Frisch's concept of control — the famous "decision making unit" which has shed all problems by total abstraction. These organisational superstructures operate through their communication and information networks, and their efficiency depends essentially upon the motivation of the participants in the planning process. Planning processes follow their course in social interaction networks with communication systems which do not begin to operate until adequate consideration is given to the individual desire for representative status and differentiated behaviour. Lindblom has accurately described this state of affairs as a "fragmentation of policy making"¹⁰ which is ostensibly characterized by the interaction of information and motivation and a procedural interassociation of information and organisation.

Inadequate Correlation of Means and Objectives

Under *methodological* aspects planning instruments are by no means as strictly related to the plan targets as is suggested by the "policy models" (Frisch, Tinbergen, Theil) which aim at optimality and consistency and unreservedly allocate dependent to independent variables. It has been generally impossible to prove the exact causal link of such allocations by reference to empirical tables of objectives and instruments¹¹; most of these allocations were pseudorational and even aleatory. The reason of this seems to be that the instruments have to be disaggregated, regionalized, sectoralized and concretized in the course of plan implementation out of proportion to the objectives when detailed lists of measures to be taken (e.g., establishment of an export promotion zone or extension of an aluminium industry) are drawn up. The range of instruments thus becomes progressively complex; it must be designed for a longtime ahead and has a technocratic-administrative bias. As a result it develops a dynamic of its own and begins to follow rules of its own under which allocations to far less precisely specified objectives do not appear necessary except in rare instances. The classic interpretation of the relationship of aims and means which is capable of demonstration by the "policy model" is rational and yet also trivial; it no longer suffices to describe even relatively simple economic relations.

Problematic Multidimensionality

As the number of participants in the planning process and the group interests represented by them increases, a greater measure of self-activity, comparable to the self-dynamic in the sphere of instruments, can be discerned in the target area. From this side also the close interrelation of objectives and instruments which is assumed to serve a rational purpose is loosened. The grow-

ing complexity of the politico-administrative planning and decision-making process can be given adequate expression by the formulation of target functions which Weiss characterizes as "supradimensional, discordant, inarticulate and inconstant"¹². Such a target function, he says, is "supradimensional in accordance with diversified interests of the various groups which bring an influence to bear on the decision making and thus encompasses unresolved conflicts between different objectives which, given the existing field of political forces, often defy solution. It is inarticulate because political bodies in the desire to rally a maximum of political support for vague and overlapping categories are chary of announcing precise objectives; the indication of their aims and priorities in precise terms would as a rule reveal the existence of conflicts. It is inconstant because the basic values of a society are changing all the time which leads gradually to the emergence of a consensus between different groups which exert influence on the formulation of social objectives"¹³.

Those who have to make political decisions against this background are clearly acting rationally if they put the maxim of the preservation of power above a technocratically oriented substantive programme. The result will be that decisions to be effectuated in the longer term will be deferred or in instance after instance abandoned in favour of short-term measures to suit constantly changing group interests.

In the light of these developments comprehensive, consistent and optimized macroplans will seem less and less practicable because of their increasing complexity and uncertainty. They will be curtailed in favour of a short-term fragmented planning concentrated on partial spheres which it is possible to keep in full view. Project and sub-sector plans with a relatively limited planning horizon will of course be given priority in order to fill the "project gap" (Waterston); partial spheres of a sectoral and even macrolevel are not beyond the scope of such planning. This would for instance apply to the size and allocation of government investments in agriculture, the development of the indigenous textile industry against the background of a new GATT world textile agreement¹⁴ and the development of the foreign debts.

¹⁰ C. E. Lindblom, Policy Analysis. In: American Economic Review, Vol. 48, No. 3, Menasha (Wisc.) 1958, p. 307.

¹¹ H. H. Taake, Politische Planungs- und administrative Entscheidungsprozesse... (Political Planning and Administrative Decision-making Processes...), Ibid., Table 16.

¹² D. Weiss, Infrastrukturplanung — Ziele, Kriterien und Bewertung von Alternativen (Infrastructure Planning — Aims, Criteria and Evaluation of Alternatives), Berlin 1971, p. 6.

¹³ Ibid., pp. 6/7.

¹⁴ H. H. Taake and D. Weiss, The World Textile Arrangement — The Exporter's View. In: Journal of World Trade Law, Vol. 8, No. 6, Geneva 1974.