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PLANNING, MANAGEMENT AND PARTICIPATION: An Annotated Outline

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I. Notes Toward A Definition

e.g. Planning should proceed from mass need (mercantile expansion requirement) identification through analysis leading to policies, to policy implementation, to testing results against projections and mass (mercantile interest) perceptions, and incorporating the revisions in adjusted analysis, policy and action.



Planning is the consistent quantitative allocation of scarce resources: in an efficient manner, over a given time, to achieve specified progress, by given dates, toward each of a set of pre-defined objectives. Planning includes strategies, programmes and policies not just projects. Equally it is concerned with all scarce resources and not just finance. Finally it includes the initial implementation, operation, review and revision stages just as much as the identification and formulation.

- A. The two halves are complementary. The first relates to central aims of a Macian socialist (a mercantilist if bracketed words substituted) state; the second to the operational nature of planning once a socio-political and political economic context is given.
- B. Both halves are controversial. Evidently, the earlier paragraph is value laden in two senses. First, the aims (or the bracketed alternatives) are at the centre of controversies and not merely socialist/capitalist. Those given reject Stalinist/Mahlanobian growth maximization and are nearer-say-Swedish social democracy than even Breznevian socialism. Second, the pattern chosen is integrally consultative or participatory; again as unlike the Soviet model as it is unlike most poor country "comprehensive central planning".
- C. The second paragraph rather deliberately denies the validity either of taking economic - let alone financial planning in isolation or of equating planning with "drawing up a plan". In both respects it is a minority position - not least in most poor country "Planning" Ministries.

II. Micro vs Macro: Levels and Confusions of Debate

A. At one level this is so odd a debate as to suggest the debaters cannot have any actual planning experience. The process is necessarily iterative and working in both directions.

- B. At the level of debating decentralization and participation the issues are real. E.g. a pure material balances, physical directive controlled system cannot be decentralized, let alone made participatory because anarchy will result from a loss of its macro reconciliation.
- C. At a third level a genuine contradiction exists. Micro analysis is not useful outside a macro (including a political and socio-economic macro) framework. e.g. Cost/benefit analysis only makes sense if relevant costs and benefits are defined - to define them in terms of project profit (or cash flow) is a very special, not a general or self evident choice. Similarly to tell firms to set general non-profit goals without providing a frame or yardsticks for them to use is to confuse the state and some of its components. On the other hand, to argue against any micro analysis is to say that resource allocative efficiency (static or dynamic) is either self evident or of trivial concern; neither a very likely proposition. e.g. Cost/benefit analysis can be highly useful for choosing among alternative projects and methods if all major goals (benefits), scarce resource requirements (costs) are taken into the analysis.

III. Planning As A Route

- A. The starting point is a goal and the first stage is to evaluate what the relevance (pro or con) of existing institutions/policies/programmes/projects towards its attainment is and what new institutions/policies/programmes/projects would be conducive to rapid progress toward the goal.
- B. e.g. More Equal Income Distribution and Absolute Poverty Eradication would imply examination of and proposals for (inter alia):
1. Wages/Salaries/Prices Policy;
 2. Regional Location Policy;
 3. Tax Policy;
 4. Level of/Access to Public Services;
 5. Balance of Production and Investment between future/present mass
 6. Rural (especially staple food producer and production) needs:
Development.

C. The result will not be a final set of proposals but a set of possible measures to be tested in a mere economic structure oriented framework and a set of guidelines for evaluating all micro and sectoral proposals in terms of their impact on progress toward the stated goals. Over time a goal of this type will be widely internalized throughout most levels and institutions of planning and these proposals will normally be framed with it in mind but not necessarily with it as a prime objective.

IV. Planning As A Technique

- A. The starting point is an existing or potential project, programme, policy or institution for which a set of objectives have been postulated. Further a set of general criteria for taking account of systematic goals and intermediate goals exists - or should exist - to provide a framework for evaluation. The micro possibility/operation can then be evaluated in terms of the objectives set in general and for it. Note - the technique is in itself "Value Free" but the conclusions depend very heavily on the values fed into the technique by the objectives/criteria.
- B. E.g. Evaluating alternative industrial projects might lead to a five basic target parallel cost/benefit analysis for:
1. Firm Profitability;
 2. Balance of Payments Contribution;
 3. Contribution to National Investible Surplus;
 4. Government Revenue Effect;
 5. National Product (at Constant Prices) Contribution with greater or less use of shadow prices; single or multi-stage linkage evaluation, etc. Employment, regional, and income distribution data could be included. The comparison among projects is then - quite properly - complex as few will rank the same on each test; use of minimal acceptable levels on each variable may simplify the exercise.
- C. E.g. Evaluating industrial sector, activity or proposals could proceed sectorally e.g. iron ore/coal to steel/iron to intermediate products to building material, producer good, final consumer good outputs. This would bring a handleable package of linkage effects (actual or potential and missing as well as existing) to the centre of planning attention. This is a semi-macro use of input/output analysis whose choice suggests a value judgement in favour of national economic integration. If the technique is used systematically and interlocks between sectors then analyzed

then it constitutes a critical element in a systematic planning framework for concentrating resources toward greater economic balance (in Nurkse's sense) and a more domestically self generating economic structure. However, it should be the goal which determines the choice of planning technique, not the technique the goal.

V. Centralization and Decentralization

- A. The technical case for centralization is higher quality manpower, less inadequate data, a broader perspective. That for decentralization is greater detailed acquaintance with problems and potentials, ability to cope with larger numbers of small decisions, and greater speed/flexibility.
- B. The political case for centralization is that it is essential to preserving progress towards uniform material goals and avoiding the rise of inequality. That for decentralization is greater awareness of actual needs, more opportunity for participation and the consequential ability to mobilize new resources (a technical result of a political choice or, in the inverse, a political choice needed to achieve a technical target).
- C. There is nothing automatic about the stated potential gains from either centralization or decentralization, e.g. decentralized governmental units may well be more dominated by local anti-egalitarian vested interest groups than the central political or bureaucratic leadership. e.g. the efficiency of centralized planning in respect of small projects is notoriously low because both data and time for proper consideration or follow through do not exist.
- D. The appropriate synthesis involves decisions as to what to centralize and what to decentralize, why, and how. The smaller the decision, the more it relates to implementation rather than formulation the more it is based on local data and local support, and the greater the potential for local initiative unlocking additional (otherwise unavailable) resources the stronger the case for decentralization. In general most poor country planning is grossly overcentralized institutionally geographically, and hierarchically with resultant biases to

identification and preparation and action, individually large over small, detailed physical controls over broad market intervention guideline setting, and serving of capital city over rural interests.

VI. National Frameworks and Participation

(Participation is not identical to decentralization. A decentralized hierarchical, autocratic system is possible - vide Imperial China.)

A. Participation in setting national frameworks must operate through a hierarchy of institutions which ultimately set at least a minimum of national objectives and limits to toleration of individual case deviations from them.

B. Participation in taking initiatives and - in any very broad sense - in implementation must be at a much smaller unit level and - if systemic coherence is to be preserved - must be within the goals and limitations frame set nationally. This type of participation, unlike the preceding one, requires a decentralized system. It is inherently contradictory to the Stalinist (and probably the Brezhnevian) planning system but is integral to the viability of the Maoian.

C. The fewer, the clearer, and the more automatic the directions needed to maintain an acceptable level of consistency with national goals (which may require different regional or sectoral policies vide China's population policy's very different operational implications for underpopulated border and densely populated central regions), the more real participation can be and be seen to be. Pseudo participation is unlikely to unlock new resources or deceive its objects for very long and is thus usually counterproductive particularly at the smaller unit levels.

D. Genuine participation in frame setting, initiative taking, or shaping of implementation is not noticeably widespread, central, or effective in most poor countries' planning processes.

VII. Management and Administration

- A. Management - in the sense of organising resources (including manpower, knowledge and institutions) to attain specified targets - is central to effective planning. This is as true for the public as for the private sector and for governmental units as for public directly productive units.
- B. Administration and bureaucracy are part of management but by no means the whole of it just as a framework of law and order are critical to, but hardly the whole of, state activities. Rules to require or forbid, regulations to direct and frameworks to induce or guide are tools of management. However, they cannot by themselves achieve most positive objectives especially those requiring action by many individual and small group decision takers. Procrustean rule books automatically applied and shuffling of files to avoid responsibility (or demonstrate "authority") are not merely bad management; they are equally bad administration.
- C. Management and participation need not be polar opposites. Indeed the reverse is more nearly true in many fields e.g. broadly based rural development. Structure and direction - like administration - have their uses but are rarely efficient as total systems and, when so used, often deteriorate into rigid hierarchicalism and commandism. The belief that workers and peasants are too uninformed, too self interested, or too disorderly to contribute to the effective management of development tells more about the nature of those holding it and their concept of development than about peasant and workers.
- D. Management must seek to be efficient in the sense of maximising progress toward objectives from use of available resources and to mobilise previously unavailable resources. To do either requires an operational statement of the goals a firm, a ministry, a plant, a project or a policy is intended to achieve and a cost/benefit analysis plus operating plan/budget in terms of these goals (and not of only one of them or of a "goal" which is not really seen as critical at all). To do the second requires attention on the one hand to expanding usable knowledge (of what resources exist and how they can be utilised) and on the other to making the goals relevant to potential resource providers (workers, peasants, foreign investors, etc.) so that they will in fact augment resource supplies.

VIII Some Background Reading

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 - a) O. Lange "On the Economic Theory of Socialism"
 - b) J. Robinson "Consumer's Sovereignty in a Planned Economy"
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 - e) J. Gray "The Chinese Model"
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