

PLANNING IN A DEVELOPING ECONOMY

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WORK FOR PROGRESS In Uganda's National Growth

Planning is a method, an approach, not an end in itself. The achievement of effective planning is — or should be — sought and the effectiveness of planning is — or should be — made in relation to the ends whose achievement the planning is intended to make possible. It is especially important to stress this fact in relation to development planning because there is always the danger that the large and impressive machinery of planning will come to be viewed as an end in itself rather than as a means to promoting, rationalising, and speeding the attainment of national development goals.

These goals are largely social and political, not strictly economic. The nature of social and human relations, the involvement of the people in significant social and political roles and the responsiveness of public and private institutions to mass and individual needs are of wide and more basic human and governmental concern than the details of economic organization. Similarly the availability of basic services (education, health, pure water, access to transport, agricultural extension), of meaningful and remunerative employment, and of adequate and rising living standards combined with the absence of glaring inequities in consumption or income by area, community, or individual are at least as much politically determined social goals as economic ones. National economic independence is usually sought to ensure national control over the political and social decisions with a nation.

Why, then, do we usually tend to think economic planning is either the bulk or even the sum total of development planning? Is *Work for Progress* wrong in stressing economic decisions, policies, structures, institutions, projects and goods? What real difference will it make to the vast majority of Uganda's people if monetary production grows 3% (or 11%) as opposed to the Plan's goal of a little over 7%?

In the first place let me, as an economist, underline that we often do put too much emphasis on economic means without enough consideration of social and political ends. The world is littered with the wreckage of "strictly economic" plans whose technical ingenuity was quite valueless and whose theoretical attainability quite irrelevant because they bore no obvious relationship to any deeply felt national or governmental goals and therefore found no government or national commitment to their fulfilment.

Work for Progress is not such a Plan. The underlying concern with expansion of basic services to increasing numbers of Ugandans, with

broadening the areas and numbers of people involved in the growing sectors of the economy, in raising mass levels of consumption and welfare, and in attaining a greater degree of economic justice is both explicitly stated and recognizably present in individual programmes and projects. True, the meaning of economic programmes and policies in terms of the individual citizen's welfare is not always readily evident to the lay reader. One of the imperative functions of Plan publicity at all levels must be to create such understanding especially among local and organizational leaders who can then transmit their comprehension to others.

However, the more tragic litter of "lost" development battles and discarded plans stems from the opposite error — the failure to understand or the refusal to accept the nature and limitations of economic necessity. These take two forms. First, social and political relations and structures are never fully independent from the structure, pattern, and level of production. Industrialization means concentration of population and urbanization. Provision of effective rural services is not consistent with widely scattered individual homesteads. Unrestricted and unregulated private enterprise cannot be made to square with economic justice or equality and tends to erode equality before the law and in access to political decision making. Total centralized state ownership (or any system approaching it) tends to rigid hierarchical structures and concentration of power and is inherently hard to reconcile with local initiative and decision making (public or private) and with humane relationships among individuals and within organisations.

Second, all social and political goals worth having cost real resources — goods, services, time and effort. None can be achieved or sustained for long unless national product rises steadily and at a rate more rapid than the growth of population. When, as in *Work for Progress*, the social and political goods are ambitious a high rate of growth of national production (6-7% a year and higher for monetary output alone because self consumed production declines in importance with development) is essential to their attainment. Even were it possible — and for Uganda like most nations it is not — to secure ever increasing foreign grants and loans, such permanent and growing external dependence would inevitably shift the power to make national social and political decisions abroad to those who made the loans and grants. Economic dependence — unlike economic interdependence or international economic relations on a basis of reasonable equality — is inherently inconsistent with being master of one's own national destiny.

The great emphasis placed on raising Gross Domestic Product is therefore not a misplaced one deriving from the peculiar prejudices or interests of economists. It is perfectly true that overall output increases alone do not inevitably lead to development. However, it is just as true that sustained, worthwhile development is impossible if significant, sustained increases in G.D.P. per capita (national production per person) are not achieved.

Again *Work for Progress* is a Plan which takes full account of this reality. Both economic patterns and economic growth are matters of central

concern throughout its pages. The question of economic feasibility is kept well to the fore and is an underlying criterion in determining how much development can be attempted how fast. This is not to say all the judgements will prove correct; development planners and economists, like the rest of mankind, live in a world of uncertainty, of imprecision, and of the necessity for making judgements which may prove wrong because all the facts were not to hand or because they were not fully understood. If every target in any development plan were fully achieved in the course of the plan, that would be the best possible evidence that too little had been attempted. Seeking to attain the limits of possible development at all times will always mean some goals prove just beyond the possible and some can be overfulfilled. Ambitious realism, a substantially attainable set of objectives, and the ability to adjust to changing circumstances are the hallmarks of a good plan — not wildly unrealistic goods, however appealing, nor palpably inadequate targets, however attainable.

Economic planning is an approach to economic strategy formulating and decision making. It sets its objectives in terms of quantitative targets to be reached by given dates through the use of indicated policies and resources.

A national economic plan is one dealing with an entire nation, a regional economic plan concerns itself with a single region e.g. Buganda, Sebei, Lango, a sectoral economic plan is formulated for a group of economic activities, e.g. agriculture, or economic units, e.g. co-operatives; an enterprise economic plan represents the future strategy and policy of a private or public firm or group, e.g. the Mahdvani group or the Uganda Development Corporation with its subsidiaries and associates. A comprehensive national economic development plan — like *Work for Progress* — covers the government, public, and private sectors of a nation and concentrates on the problems of and opportunities for achieving sustained economic growth and development.

To be of positive value a plan must be both consistent and possible. That is, the available resources must have been added up and allocated to the attainment of the quantitative targets in a realistic way. Further, the targets must bear a reasonable relationship to each other, e.g. the education of doctors, nurses, and medical assistants must be linked to the expansion of hospitals and clinics and the projected growth of cotton output both to planned ginning capacity and estimated opportunities for profitable sales abroad or at home. Similarly a plan should be efficient — it should not allocate more resources to attaining a particular target than are actually needed nor choose methods and policies which are economically wasteful unless there are clearly proven social and political reasons for doing so which override the inevitable social and political costs of economic waste.

Economic planning is not therefore, a matter for economists alone. Nor is it simply the drawing up of plans. An economist is in no position to give final evaluations for national social and political goals absolutely or relative to each other. Nor can he issue final judgements between alternative policies and procedures when both are workable economically and one is more economically efficient but has social and political liabilities

compared to the other. Such decisions are inherently political because both social and political goals and the basic economic means for attaining them are at the heart of politics. Not only is it improper for technocrats to take such decisions which are the responsibility of political authorities as the representatives of the people, it is inherently futile. Political decisions taken by technocrats (as opposed to technocratic proposals understood, modified, and adopted by political leaders) cannot possibly secure the political or mass commitment necessary for carrying them into operation.

Economic planning is a means to achieving economic targets. Therefore, formulation — e.g. the preparation, approval, and publication of *Work for Progress* — is merely the first step in planning, not the entire process. It is, of course, a vital step — unless the targets and the ways of reaching them are properly laid out implementation will prove well nigh impossible.

The planning process represented by *Work for Progress*, which began in 1963, will continue through mid-1971. In about 1969 it will merge into the preparation phases of the third Five Year Plan whose broad goals (as well as those of the fourth plan) are sketched in the present plan presentation and are part of a broad framework for 1966 — 1981. Implementation, that is policy making, programme determination, project detailed studies and their fulfilment are all part of planning. For example the 1966-67 Budget and the cotton industry commissions report are among the key planning events taken since the plan's publication.

Planning is therefore, an ongoing and an inclusive process. In addition to formulation and revision it involves implementation. As in the theological sphere "Faith without works is dead" so in the economic plans without implementation are vain. In addition to the Ministry of Planning's own staff, planning involves all those who make economic decisions or are responsible for carrying them out. The Minister of Planning and his staff are responsible for providing a feasible plan, for coordinating its implementation, for evaluating and publicizing interim results and calling for needed changes. They cannot, however, make all the necessary decisions. Much less can they alone implement the Plan without the understanding, commitment and participation of political leaders, civil servants, private economic decision makers, local leaders and the people of Uganda.

For many purposes economic planning can usefully be considered as a type of budgeting. Just as individuals draw up budgets of probable income (and borrowing) to be allocated to meet desired expenditures (including savings) so a national economic plan attempts the same process on a national level.

In *Work for Progress* we find various presentations of total domestic production and its uses in 1966 and goals for production and uses in 1971. We also find projections of borrowing at home and abroad and of government and private savings in Uganda related to the proposed investment needs for the plan period, for individual years, and for sectors of the economy. Similarly some of the more important sub-budgets are set out, for example that for Uganda receipts from and payments to foreign countries which is called the Balance of Payments.

These budgets are important because they indicate what levels of

private consumption, public expenditure on services, public and private investment, purchases from abroad, etc. are consistent with the total production estimated as capable of attainment. As in an individual's budget it is possible to raise one item of expenditure — say public services, that is the Uganda and the Regional and Kingdom Recurrent Budgets — only if either another expenditure item is reduced — say private consumption cut back by higher taxes — or by finding ways to increase total receipts through raising either Ugandan production or grants — loans — investments from abroad more than was previously believed possible. Budgeting is a process of relating goals and their costs to means and resources for carrying them out. *Work for Progress* sets numerous targets e.g: in education, rural water supply, employment which are of direct socio-political significance. However, this is the final result of the process not its first stage.

The creation of a possible — that is with ends attainable from resources to be available over the plan period used in the policy framework set out-Plan is one task. A parallel one is creating a *consistent* plan — one in which all resources available are used and in which there are no major shortages preventing the full utilization of scarce resources elsewhere in the economy. Finally there is the hardest task, that of producing a reasonably *efficient* development plan in which the policies and projects (means) selected use less scarce resources than other possible means to attaining the same objectives and therefore the ends attainable in the plan period are not only possible and consistent but as high as possible consistent with scarce resource constraints.

Scarce resources impose constraints — limits — on what can be achieved. There are at least six key constraints relevant to *Work for Progress*: savings and investment, personal and public consumption, government revenue, skilled and educated manpower, foreign exchange, and construction capacity. Certain other resources are not in themselves scarce in the sense that available supplies could not conceivably be fully used in the 1966-71 (or probably 1966-81) period. These include unskilled manpower and land. However, land does require capital investment, construction capacity, and skilled manpower to bring into almost any use other than self-consumption agriculture illustrating the fact that the limited supplies of scarce resources place limits on how fully and effectively plentiful resources can be utilized.

Savings are scarce because the total investible surpluses generated by enterprises are limited by their operating costs, production limits, and need to sell at competitive and/or socially acceptable prices while government and private savings must compete with consumption demands. Domestic savings (less foreign owned profits and personal savings remitted abroad) plus net inflow of foreign capital set the limit on investment. Just as economic progress is not adequate for but is vital to national development so investment is not enough for achieving rapid growth of national output cut is essential to it. By and large investment equal to 20-25% of gross monetary product and national savings equal to 15-20% (leaving 5-8% foreign investment including reinvested earnings) must be achieved

to reach and hold to a 7-8% growth rate of commercialized (non self-consumption) product. Initially somewhat lower rates of investment and higher foreign savings components in them are possible especially if, as in Uganda today, there is a fairly good basic infrastructure (roads, water supplies, education, power, government) in relation to productive sector needs and foreign aid is likely to be forthcoming for key elements in the public sector plan programme.

Consumption — public and private — must rise absolutely and per capita. Many plans have failed to meet this constraint in the private sector, especially the private rural sector. The result is a denial of the fruits of development to all or most of the people, a lack of effective incentives to produce more, and all too often revolution. As the Uganda Plan recognizes not simply private consumption but especially that of low income groups must rise, not only overall output must grow but in particular that of mass market consumer goods. Public consumption must rise for two reasons: first much of it e.g. technical education, upkeep of roads, statistics, is quite as vital to economic development as is capital expenditure. Second many consumption goods highly prized by the people e.g. education, health, pure water, are supplied as public not private consumption. A Plan which sets consumption targets too low is quite as impracticable as one which sets them too high (and therefore physical investment too low).

Government revenue is a very real constraint in developing economics including Uganda. The 1966/67 Budget has made a courageous start at putting revenue on a rising path capable of meeting 7-8% annual public recurrent expenditure growth consistent with achieving substantial central government savings for development. The basic problem is that with present taxes at present rates government revenue will rise only half as fast as commercially sold output and even less than half as fast as domestic production of consumer manufactures is substituted for imports. Major tax revisions involving an income tax effective on all income above — say — £250, general (except for unprocessed food) wholesale level sales taxes, and excise or purchase taxes on all luxuries and amenities are necessary in virtually all African states if tax revenues are to remain a constant share of national output.

The limits on high level man-power are complex. On the one hand the national cadres depend on past, present, and future educational system (including overseas programmes) output. Here Uganda is relatively fortunate in many fields but not scientific and technical or productive sector managerial personnel. On the other hand man-power supplies also depend on the absolute availability, the salary cost, and the political acceptability of foreign man-power. Many types of skilled manpower, e.g. doctors, bore hole drillers, experienced economic advisors, are scarce the world over. These and many others are expensive to hire. The need to raise the degree of Ugandanization limits how many expatriates can be used in many fields although it should be noted that often the best way to free oneself from dependence on expatriates over a decade is to hire more of them now especially in all varieties of higher level training and education programmes.

Foreign exchange is a constraint because marshalling domestic resources will often not serve to advance development unless they can be converted into foreign purchasing power. Capital equipment, fuel, raw materials, high level manpower—all are largely substantially imported. Unfortunately Uganda's export earnings cannot be expected to rise more than 5% a year so that on the one hand it is essential to secure growing aid and investment funds and on the other to limit uses of foreign exchange by higher duties and import controls on luxuries and substitution of domestic production for mass market consumer goods such as clothing, shoes, bicycles.

Finally construction capacity is scarce. Manpower, machinery, and experience cannot be expanded beyond fairly definite limits in the short run. While slack remains in the Uganda construction industry now this may not be true after 1968. The rapid swing of the Tanzanian construction industry from stagnant overcapacity in 1963 to overfull employment by early 1965 and the sharp resultant increases in construction — and therefore Plan goal attainment — costs warn of the dangers of paying inadequate attention to this sector which accounts for the channelling of about half of all investment.

Development planning as a process of budgeting should be seen in national and inclusive terms. All uses deemed important should be included, otherwise either resources will be allotted to less than best advantage or the budget will fail to balance — or both.

For example defense costs — both capital and recurrent — must be treated like other government costs in planning as in annual budgeting. Defence needs are real but unless a plan can evaluate and include them — as *Work for Progress* does not do adequately meeting them will tend to involve cutting other public investment in unsatisfactory ways.

On the other hand non-economic goals, e.g. national culture, adult education not directly aimed at raising output, some health and communication programmes, cannot properly be left out simply because they do not directly raise output. If they are seen as furthering social and political ends and contributing to national development they have a just claim on resources. What is important is that they be clearly costed, viewed as public consumption, and chosen by responsible leaders in full knowledge of their cost in terms of alternative resources uses foregone, e.g. the cost of cultural programmes in terms of agricultural extension which could have been financed from the same funds.

This issue of comparing alternative resource uses in terms of their contribution to national ends is a pervasive and a critical strand in planning. It is also very hard to handle because economists tend to be too technical and to seek too great precision and politicians prefer to say “and” rather than decide which of two projects should go forward and, more basic, find it hard to evaluate whether one more secondary school is worth more or less than two more clinics, fifteen extension workers, or forty miles of rural roads.

However, only if economic planners pose the question of choice in all phases of plan formulation and politicians think in terms of which

alternative combination of resource uses will contribute most to national aims and satisfactions is an efficient plan possible. As one progresses from choosing the relative emphasis on — say — industry and social services to the balance between education and health to that between hospitals and clinics to clinic emphasis on curative medicine in relation to health education and nutrition the choices become more and more specific but they remain important. Rarely is the issue a pure “either”, “or” for an *entire* programme area. Some of each — except of course such prestige items as two main runway international jet airports, ten million pound palaces or parliaments, and hopelessly inefficient factories — should be selected. The choice is one of degree — whether a little more investment in industrial plant, or technical education, or agricultural credit, or police services would contribute most to furthering Uganda’s national development.

To take an example — about one third of government agricultural expenditure (recurrent and capital) in *Work for Progress* will go to group farms and similar schemes affecting at most 1% of the rural population. If successful they can provide a guide to creating a new and better rural way of life. But 99% of the rural population will remain unaffected. Extension, credit, and other services to a much broader group take two thirds of the funds and may be significant for — say — 25-35% of all rural dwellers. Would a shift of one fifth of the group farm type programme funds to extension have allowed 35-50% of all rural Ugandans to receive significant benefits? Would it still have allowed the transformation approach to rural development to gain a basis of experience and example on which expended involvement in it could be attained after 1971? To answer these queries “yes” is in effect to argue for plan revision. Implementation should evaluate again the resource balance between group form type “transformation” and extension — credit type “improvement” agricultural programmes.

National planning — again like all budgeting — is subject to uncertainty because it must project and estimate the future. The better the data and the more accurate the judgements the closer the projections will be to reality but they can not hope to be exact. For example Uganda’s foreign exchange earnings are heavily dependent on cotton sales. Cotton quantity depends on farmer response to agricultural policy, on the number and quality of agricultural services and on weather. Cotton prices depend on the growth of the World economy, on the rate of expansion of World cotton output, and on the price subsidy — acreage control-export policy mix voted by the US Congress. *Work for Progress* drafters studied all these factors and decided what the probable ranges of output and export earnings trends would be; they would be the last to claim their projections could give exact results.

To budget for the uncertain future means that flexibility must be built into any plan to allow it to shift with changes, take advantage of windfalls, contract with adversities in a manner consistent with preserving or expanding as much as possible its central strategy for and achievement of development.

Work for Progress tackles this need squarely. Ranges of most probable (trend), minimum (if things go badly on balance), and peak (if overall results are better than expected) targets are set for the whole plan period and for each year. This method of flexible phasing allows one year's shortfall to be taken up in a subsequent boom year (or vice versa) and the overall programme to be expanded or cut back without damage to its basic nature.

Similarly priorities are being established to determine which projects and programmes can best be delayed, curtailed, or dropped — or more hopefully speeded up, expanded, or added — if actual performance diverges from the trend (most probable) path. This effort is not a simple one, many projects are linked. Nile Dam No. 2 is needed in 1971 if the nitrogenous fertilizer plant is built and uses an electricity intensive technology. If the plant is not built before 1971 (as seems probable given Kenyan and Tanzanian fertilizer programmes which would eliminate the export markets needed for economic operation) and especially if the integrated ore to pig iron to steel industry planned for Tororo is largely built after 1971, Nile Dam No. 2 can and should be postponed into the 1971-76 Plan. But if the fertilizer plant and (even perhaps or) a 250,000 ton steel industry with substantial electric smelting operations are built in this plan period, Nile Dam No. 2 must also be built to serve their needs. Thus one must not prioritize single projects but those groups of projects which are integrally linked.

Planning, however, is more than budgeting; it is also nation building. Viewed from this perspective a different set of critical needs and opportunities come to the fore. Economists tend to be either absent minded or vague on these points and politicians just as vague and often reluctant to mention the more demanding of them. (President Milton Obote's opening address has, of course, been an outstanding exception to the forgoing as indeed have been many of the recent statements and policy formulations of all three East African presidents.) As a result planning efforts which are sound both economically and socio-politically when viewed solely from the budgeting angle often contain inherent weaknesses on the nation building front, which prove fatal to their implementation.

Planning viewed as nation building includes — and demands — involvement, understanding, and discipline. It is in looking at economic planning from the viewpoint of its contribution to building a nation and a society that the necessity of placing real emphasis on "non-economic" goals and on equity in distribution becomes most clear.

It may very well be true that in the short run concentrating all rural expert personnel and financial resources on assisting a small group of relatively better off and better situated farmers would raise domestic production more rapidly than any other approach. (It is by no means clear that this approach would maximize long run growth — extension and other broadly available services building up a wider growth base may well be more efficient over 10-20 years on purely economic grounds.) However, the social result of this strategy is to create islets of relatively prosperous farmers (hiring their neighbours part time at wages well below the statutory minimums) in a sea of unmitigated rural poverty or, at best, to widen disparities

between a few prosperous and many poverty stricken districts. Few methods can be more conducive to creating class and regional hostility, mass frustration, and alienation from a government seen as the hand-maiden of the elite. The example cited is no idle fancy — several African States have adopted such a strategy for their rural sectors and seem all too unaware — technically and politically — of its inherent threat to nation building, economic equity, or political stability.

Involvement is necessary if a plan is to be contribution to and a part of national development. Not only nation building but even narrowly economic considerations require that. A plan totally centralised in formulation, programme creation, and implementation cannot hope to succeed even as a budgetary exercise much less in mobilizing national enthusiasm and effort.

Involvement should be political, technical, cooperative — parastatal — private — labour — farmer, regional, and at all levels. It is as essential in goal formulation as in outline framing, in project and policy selection as in implementation. Further it must be real — neither pre-publication presentation of a fait accompli nor post publication orders to “see that this plan is carried out” has any real similarity to involvement!

Political involvement has been discussed earlier. Only political decision makers have the authority to formulate a plan's basic goals. Only political decision makers who have participated in making a plan will be committed to its implementation. Without political commitment a plan is an abstract exercise not an integral part of planning for implementation.

Expert technical involvement does not mean just “planning expert” involvement — that can be taken for granted. It means that the total technical expertise of the country should be marshalled in support of the plan by using a cross section of key individuals — wherever located institutionally and whatever their particular speciality — throughout, and as an integral part of, the planning process.

Sectoral involvement is not simply a matter of public relations. Productive units — parastatal, cooperative, private — have knowledge, data, experience, and plans which are critical to formulating the specific policies and projects on which the national development plan will stand or fall.

Regional involvement is needed for the same reasons as technical and sectoral. A national plan formulated in the capital without the benefit of local or district level knowledge will both make non-functional proposals and overlook real possibilities. In implementation it will suffer more because of the lack of diffused commitment to and involvement in it. Regional, like national, involvement should be broadly representative. Local government members above are quite inadequate, their tendency is to push regional government construction programmes not regional plans as integral components of the national plan.

Trade union, party, voluntary organisation, local government, and other leaders all have something to contribute to plan formulation and even more to implementation. It is they — and they alone — who can broaden committed involvement beyond the narrow circle of political, governmental, and private decision makers and technocrats to the leaders of smaller

groups and communities and thus to the broad masses of individuals in whose interests and with whose support the planning process is — or ought to be — conducted.

The broadly inclusive “Working parties” of *Work for Progress* formulation illustrate technical and sectoral involvement. They were of significant value, indeed an evident weakness is the failure to put them on a continuing basis for the implementation phase.

Political involvement between the Ministry of Planning and the Cabinet (including its Economic Committee and President Obote) has also been close and apparently effective. Certainly the 1966-67 Budget and the White Paper on the cotton report suggest strong commitment to (and understanding of) the Plan’s requirements as well as its goals.

Regional involvement in Uganda is, however, deplorably weak. (One hopes this seminar will contribute to remedying this gap.) District and Kingdom “plans” turned out to be little more than lists of political and official meeting halls, offices, and houses. (The Buganda plan probably was an exception but it was never submitted to the Ministry of Planning and was apparently a substitute for and a rival to, not a component in, national planning.)

Tanzania’s — partially successful — efforts illustrate better what Village, District, and Regional Development Committees can be and do. The appropriate level officials of implementing ministries, regional administration officers, local government representatives, TANU leaders, as well as trade union, voluntary organization, and private sector representatives sit on the committees. Both exchanges of views and insights within the committees and channelling of data and directions up and down do take place, at least in a significant number of cases. In principle nine planning economists are to be assigned to provide the technical backbone for servicing the Regional and District Committees. To date recruitment problems have prevented the carrying out of this highly desirable step.

Creating broad *understanding* of a national development plan on a variety of levels is a critical part of planning but one which is normally overlooked or slighted. After the first blare of publicity even awareness, much less understanding, is often noticeable by its absence. This is not unrelated to the fact that economists are notoriously bad publicists and economic planners among the worst partly because they often fail to see the need for broadly diffused understanding of the plan. However, politicians are also weak in putting economic policy content into their plan explanations and in continuing to relate policies — and especially successes and progress — to the plan throughout its duration and not just in the first few months.

Understanding is needed among several groups: civil servants, politicians at the national regional and local level, all sorts and varieties of leaders, economic decision makers whether public, cooperative, or private and the broad base of the population. Clearly if involvement in formulation has been effective there will be an initial base of at least partial understanding. Clearly, too the relevant and possible forms of understanding vary widely among groups and individuals.

Civil servants very often neither understand nor approve of plans except as a vehicle for getting their pet projects or programmes approved. This is not a trifling matter — an uncomprehending let alone an uncooperative civil service not only but inevitably will block implementation of any plan no matter how sound and no matter how sincere and deep the political commitment.

Planning makes more work for and places more restrictions on civil servants. It is perfectly reasonable for them to look askance unless its meaning for national development and the broader and more effective functioning of their own areas of responsibility is made clear to them. The civil servant who detests and downgrades forms and questionnaires which nobody bothers to explain to him is not *per se unreasonable*. (At any rate he is human and explicable — the author does the same, albeit not with Planning Ministry forms!) Certainly, however, civil servants can and can be expected to follow the argument of the plan document and the programmatic sections related to their Ministries.

A serious programme of newspaper features, broadcasts, speeches, plan summaries (in simple language and where applicable in African languages e.g. Swahili), and progress reports throughout the plan period and a recap of results just before the next plan is launched are integral parts of — not sideshow additions to — planning as a part of nation building. Uganda has made a notably good start in this direction despite the interruptions soon after *Work for Progress* appeared.

Comprehensibility is the key and must rest on intelligent presentation by organizational and local leaders. Planners err badly in thinking talk of 7% national growth rates and 10 years addition to average life span are the basic core of getting across to urban workers or rural farmers. They are not.

A farmer wants to know about credit, extension, primary and secondary education, seed and fertilizer, water supply, roads and similar points with at least some relevance to his district. To say — as I have heard African planners argue — that he cares about a highway 50 miles off but not a feeder road that would let him market his crops is not only a slanderous attack on his intelligence but a piece of economic and political folly. The questions at election meetings during, and the voting results in, the 1965 Tanzania election (as well as the records of Village and District Development Committees) show the reverse most conclusively.

Planning requires *discipline* if it is to be effective. So far as that matter does any worthwhile object or process. Freedom *from* is not usually very productive unless it is also freedom *for* and freedom *for* always requires self discipline.

Discipline is not primarily a matter of rules forbidding certain actions — even though it includes them. The discipline of comprehensive national planning's new elements lie primarily in providing an overall frame for rulings and in requiring greater stress on positive than negative duties. Both, especially once understood by economic decision makers and by civil servants in general, should make for a more intelligible (and hopefully, therefore, acceptable) as well as a more consistent pattern of discipline.

The aims of discipline after all are neither maximising rules nor achieving large totals of caught violators but in seeing that desired policies are carried out and are also made understandable and appealing so that rules become a guide and safety net to primarily self imposed and directed action in support of national development policy. The need to multiply rules or the evidence of rapid rises in caught violators often signifies a breakdown of discipline and policy implementation alike. At best they represent a transitional phase while past errors are corrected as, e.g. one hopes is now occurring in Uganda local government.

Four key examples of the meaning of discipline in planning can be given: in staying within the limits of the possible, in taking requisite actions, in the method of acting, in avoiding actions inimical to planning. None of these is solely or primarily a matter of clerks or even field officers. The greatest need for discipline — in the nature of the case necessarily self discipline — lies at the higher technocratic, advisorial, and political levels.

The central fact of economics is that resources are scarce in relation to desirable uses for them. From this springs the need for allocation and the key disciplinary principles that total uses attempted must not exceed total supplies of resources reasonably expected to be available and, therefore, that resources used to further one end are not at the same time to be allocated to some other use. This may sound simple — the root cause of many of West Africa's economic problems (in Nigeria, Sierra Leone, and Senegal as much as in Ghana and Guinea) is precisely the refusal of technocrats, advisers, and a *a fortiori* politicians to accept these facts. To attempt all that is potentially possible and perhaps a little more in an effort to take up slack and stretch performance is necessary to attain rapid development. To attempt the patently impossible and to "allocate" either non-existent or double counted resources on a grand scale is to prevent development. It is not economic daring but economic madness and the losers are almost always the broad masses of the population, sometimes a few of the politicians who made the decisions, and very rarely the technocrats and civil servants who by bad advice or "expedient" silence gave their assent to or actively connived at folly.

That, by the by, is a very good reason for always looking very hard at what economic advisers propose and for seeking to ensure that civil servants, *per contra*, do act and advise positively. The economic advisor often does better professionally by a well intentioned, spectacular failure than by a modest, undramatic success while the civil servant can rarely go wrong by passing all substantive decisions elsewhere and only acting on "direct orders" the results of which he can then piously disclaim so far as his responsibility goes. The people, unfortunately, cannot disclaim the costs.

The discipline of the attainable means, for example, that projected increases in *all* resource uses — including government and private consumption as well as investment — must be the same as increases in resources reasonably expected to be available (and must be revised if expectations are not fulfilled or are overfulfilled). A plan which sins against this basic principle (as did Nigeria's) not only cannot be implemented, any

serious attempt to do will lead to economic disaster. Similarly basic policies must be framed to control and direct resource, uses as budgeted in the plan — including wage and tax policies to site two necessary but unpopular areas rightly prominent in *Work for Progress*.

The discipline of doing things is not easy — for one thing planning requires new types of things to be done and that is always harder than doing a bit more of the same old package of duties. To cite an example, local governments must see their role as part of expanding the pace of national and especially rural development and evaluate their expenditures by size, type, and location in that light — as they most certainly have not done with any consistency in the past in Uganda or almost anywhere else. Administrative expenses need to be seen in relation to outputs useful to people. Is it sound on this basis that the rural water staffs in some districts have neither the transport, the petrol, nor the spares to do their work or keeping bore holes in working order? Should funds on this head be found before new administrative offices are built and new clerks hired?

How things are done is equally a matter of discipline. This is especially true in the field of coordination. It is hard to make oneself involve other interested parties (whether individuals or bodies) in decision making and implementation which is primarily one's own responsibility. It is also hard to spare the time, energy, and especially the thought to participate effectively when asked, or to see that coordination is carried out in practice once a committee disperses. Nonetheless these things are vital.

An example — a glaring one in all three East African Plans — is the inadequate coordination of rural development strategies and efforts on all levels. Sometimes there is an effective district level team of local representatives of involved ministries, but as often there is interministerial rivalry with lands, agriculture, and livestock officers busily giving farmer conflicting advice and with community development and health furthering the confusion. This stems from lack of coordination at the top. Rural health programmes, e.g. those on nutrition and diet improvement, are not coordinated with agricultural output promotion policies. Land use planning is not joint among agriculture, livestock, and forestry. Community development, communications, and education are at best tenuously related (and at times it would seem not even that) to rural production goals and their fulfilment. *Work for Progress* formulation and institutional weaknesses on these counts are by no means exceptional, the plan does better than most in this realm of internal discipline and is better than the past record. The facts remain that there are basic weaknesses in coordination of formulation and implementation and that their correction are matters of urgency as well as priority.

The last type of discipline is not doing things. An obvious example is not letting all manner of public bodies negotiate contractor finance and other credit arrangements on their own at home or abroad. Such borrowing — except for basically self financing para-statal bodies which can have more leeway within an overall allocation of possible local and foreign public sector borrowing — must be centralized in the body (usually the Treasury) legally responsible for getting and spending money and for main-

taining external equilibrium (i.e. for internal budgetary balance including borrowing interest and repayment and for balance of payments stability also including borrowing, interest, and repayment). The point is not simply that the individual bodies often make bad contracts, in one African country a Ministry borrowed a very substantial sum on contractor finance terms involving perhaps 20% overpricing, 10-12% effective interest, and 6-8 years repayment when planning was almost literally in the midst of securing a 40 year, no interest loan for the same purpose. (The result of the "initiative" here will be to triple the real cost to the country concerned of the programme!) Even more critical, foreign and domestic borrowing are absolutely limited both in terms of present resources available and of bearable future charges. To allow their piecemeal dispersal is to destroy the entire concept of budgeting and — if carried far enough — to cause a real danger of the plan sinking without a trace amid a sea of chaos and debt.

Finally a plan can be viewed as a pattern of policies whose implementation leads to the attainment of the plan's goals in real output terms. Real and output are key words. It is quite useless to "achieve" targets in monetary terms if inflation has resulted in this "achievement" meaning radical underfulfilment in real terms. If prices rise so must "current price" targets — a fact *Work for Progress* fully recognises in stating 1971 goals in 1964 prices. Output goals are far more critical than input. It is not very comforting to know — as some African economies do — that the goal levels of resource allocation to development (e.g. of investment) were met but the growth of output (e.g. domestic production) was only half of the targets!

Input targets are critical only because if the plan is correct output goals cannot — except in the very short run — be met without providing the goal level of inputs. The reverse, alas, does not hold — one can provide inputs and not get outputs, a result which is an even more tragic failure than not to have provided the inputs.

There is a danger that the stress of the past decade on improving project studies — necessary and to some extent fruitful as it has been — will lead to under-emphasis on achieving a sound and coherent policy pattern. Without such a policy complex no plan however sound its overall strategy nor however viable and pre-studied its projects has much chance of effective implementation.

Six areas of policy choices will be considered here from the viewpoint of calling attention to certain key elements which policies can ignore only at grave peril and a few of the more specific policy implications arising from them. In no sense is it either an overall set of policy proposals nor a detailed criticism of *Work for Progress* policy pattern. Indeed one weakness of the Plan is that in many sectors its policy proposals are left at a level of vagueness which means further elaboration is urgently required (and some is indeed now in progress) for them to be operational.

In certain other cases one has reason to doubt the consistency of logically related proposals and the degree to which their implications have been worked out. This is true, for example, in the rural sector both because of the apparent lack of close inter-ministerial liaison in policy framing and because the share of resources devoted to a very limited number of — probably unprofitable — group farms places severe financial and (probably more critical) personnel limits on what can be done through credit and extension programmes affecting far larger segments of rural Ugandans.

First, public-private economic sector relations must be set out with a degree of overall clarity and mutual understanding. One cannot usefully decide to have a large private sector (and especially one with large productive units in the urban economy and some large plantations in the rural) and then follow policies so restrictive as to render it unprofitable. If one does the private sector plan goals will remain unfulfilled. Neither can one usefully draw up an plan with private sector goals and expect that — independent of public intervention — private sector actions will approximate the overall, much less the sectoral, targets.

Work for Progress endorses substantial private sector — including large scale productive unit — participation in development. It also aims at securing definite changes in the patterns of private as well as public production. These counts imply that tax policy must be such as to leave reasonable returns (say 10% on equity investment after tax for domestic capital and the going world rate say 15-20% new foreign). If these return levels are viewed as too high then the appropriate action is to abandon substantial reliance on the private sector not seek to tax it more and still suppose it will expand. The same principle holds for Ugandan rural production. Prices paid and services provided must — consistent with avoiding permanent large subsidies to any crop — be designed to encourage desired growth rates overall and on a crop by crop basis.

Similarly information necessary for private sector action in accord with the Plan must be made available to the private sector. Without more details on public sector construction demand by type, location, year the private construction industry cannot move effectively to enable itself to meet the demand. A failure to do so will cause physical delays and financial costs to the public sector because it provided inadequate data to the private. Equally manufacturers have good reason to wish general information on future duty, import control, duty rebate, and incentive policies to allow them to plan new facilities on a sound basis — and in the industries the Plan envisages. Where government market study or project viability data exist these should be made available to the private sector unless U.D.C. has firm intentions of establishing a plant. If it does that fact should be passed on along with a general statement as to whether, and on what terms, private sector partners are desired. Detailed data — including policy intentions — provision to the private sector can be effective in leading it toward investment patterns consistent with these proposed in any economically viable Plan.

The private sector, on its side, must accept that profits are to be made within the broad framework of national economic policy. A consistent

pattern of disregarding or evading it will inevitably lead to restrictions and an enlarged state sector. Whether useful to the economy or not, such measures will surely be detrimental to the private sector and it, is, therefore, in its interests to avoid actions leading to them. If *Work for Progress* were to fail because of private sector resistance both the ensuing economic stagnation and resulting political anger would be such as to render much of the private sector both unprofitable in the short run and highly liable to punitive state action in the short and long alike. An economic elite cannot hope to survive, let alone prosper, in Uganda unless it consciously strives to use its wealth to promote the nation's economic progress as well as its own profits. Whether the nature of an economic elite is conducive to national development is a different and more complex question.

Second, an incomes policy is essential on output and equity grounds alike. The two glaring real income gaps in Uganda: Urban versus rural and urban salariat and proprietors versus urban wage earners are *not* narrowing and will not narrow except as a result of conscious policy. Per capita rural incomes in real terms are not much above the levels of the early 1950's (in significant areas they are probably lower) but wage incomes per capita average as much as twice their early 1950 levels even allowing for price changes. The unskilled urban worker earns perhaps £125 on average while the cash income of farmers does not, on average, exceed £25 and their cash and kind income perhaps £60. For skilled workers the differentials are broader. For the salariat and proprietors (£600 a year and up) the 1966 average income is on the order of 1200 pounds or 50 times the total farm average income including subsistence.

Whatever can be said about the difficulties of reducing the absolute incomes of any group — certainly the unskilled urban worker is not well or even comfortably off — there is a very strong equity case for halting and then reversing the trend to growing rural — urban wage-urban salariat and proprietor relative income differentials. *Work for Progress* makes this case and sketches a wages — salaries policy to implement it. 0% (actually 2.5 to 5% counting service increments and promotion for any individual) for the salariat, 1 to 3.5% (about 2.5 to 5% with promotions, increments) for wage earners, and perhaps 2% for farmers is the implied pattern of annual growth per income recipient. This is surely the minimum immediate change needed for equity. To implement it really draconic salary policy (including pressure on the private sector to behave like the public), wage restraint harsh by relation to a 10% average annual boost in recent years, and full implementation of broadly based rural sector development programmes (though not per se of group farms) are essential. The overall consumption growth rate of 5 to 5.5% (2.5 to 3% per capita) provided is all Uganda can afford if it is to finance expanded public services and investment. It is great deal more than most poor countries can afford or than Uganda has achieved in the past decade and a half.

In regard to urban proprietors incomes there is an implicit overall growth of 7% , that is a constant share of profits in money national product. Given the degree of private investment effort called for in the Plan this is not unreasonably high. The real problem is to devise methods

e.g. excess profits tax, higher, company tax, to ensure that the rate of profit growth is indeed about the same as that of output and not substantially higher.

Third, if *Work for Progress* stress on ensuring that the gains — as well as the costs — of development are widely shared and that the poorest portions of the people of Uganda do benefit significantly is to become reality, special stress must be laid on policies relating to public services, employment creation, and rural economic services.

It is *not* possible to give large per capita consumer income gains — 2½% a year over five years is under £10 on a £60 a year farmer's base income. It is possible and desirable to expand preventative medicine — nutrition programmes, pure water supplies, access to feeder roads, agricultural extension and inputs, advice on rural housing improvements, and perhaps some seasonal employment on roads — schools — springs etc. to supplement cash incomes during agricultural slack seasons. Similarly in the urban sector the most pressing need is not now to raise the wages of those employed but to follow wage, labour relations, and productivity policies which will get employment rising steadily once again.

Work for Progress does lay stress on such considerations but perhaps not enough. Hundreds of miles of feeder roads are included but one may wonder whether more feeder roads should not be substituted for tarmacing, e.g. do two highways to Gulu really justify surfacing? Is £6,000,000 on airports a good resource allocation in terms of spreading benefits or should £4 million be taken off and divided among agricultural extension, rural water rural clinics, and adult education with certain equity and quite probable output gains?

Fourth, policies must be formulated with a view to achieving needed changes in the structure (makeup) of production. It will not do simply to produce more of the same products by present methods. This is true both within broad economic sectors, e.g. agriculture, and between sectors, e.g. agriculture and industry.

In agriculture incentives are needed to assist farmers and herdsmen in entering more fully into the cash economy. The problem is not primarily that they do not respond to economic incentives when they are able to do so. More roads and more buying at better prices have higher priority than exhortations to be modern. Better evaluation of what techniques really can be used effectively and profitably by the small farmer will be more useful than complaints that he ignores agricultural advice. All too often in the past he has been quite correct in doing so.

Further there is a need to develop more industrial crops intended to serve Ugandan industry, more high quality (e.g. milk, meat, eggs, protein providing beans) domestic foodstuffs, and new export crops. Pricing policies should reflect the areas in which rapid expansion is in Uganda's interest. The inverse of this is that the coffee price should be lowered to discourage the rapid present planning rate — Uganda faces growing difficulties in selling surplus coffee even in non-quota markets.

Industry must grow more rapidly than the economy as a whole. In the first place as incomes rise larger shares of them will tend to be spent on

consumer manufactures and on investment goods. Second since exports are unlikely to rise as rapidly as the economy grows "import substitution" is necessary to hold the growth of imports to manageable rates.

However, not all industries are desirable. The most attractive are those which use raw materials Uganda can produce and meet broad consumer or construction industry demand. These industries can reduce import requirements substantially, both provide incentive goods for rural development and a cash flow to the rural economy in return for raw materials, and have a high chance of being profitable at reasonable protective duty rates. Textiles, clothing, tinned foods, soap and margarine, cement, structural steel, bicycles, and fertilizers are among the examples which come readily to mind.

Fifth, finance must be made the servant of economic goals. Overall financial needs and capacities need to be estimated and policies for ensuring effective financial resource allocation and expansion of credit channels formulated and carried out.

For example the Central Government must plan its revenue policies with a view both to covering its current expenditures and providing a £30 million surplus to the Development budget over 1966 — 1971. The tax increases, recurrent expenditure ceiling, and agricultural price cuts of the 1966-67 fiscal year taken together represent a major effort to put Uganda's public finances on a sounder basis and are consistent with Plan policies and targets. Agricultural Board prices must be considered in this context — a Board deficit is as much a reduction of funds available to the public sector as a tax cut. If, for example, cotton is to continue to be subsidized then additional tax revenues will have to be found to cover that deficit or available government development finance will be reduced.

The para statal (or public owned productive sector) also requires finance — indeed it should rank equally with or even ahead of traditional government activities in claims on public sector investment funds. UDC and UEB have sizeable surpluses to invest but they must be allocated both a share of Uganda's external borrowing capacity and some domestic funds from the Treasury if they are to continue to play leading roles in Uganda's industrial growth.

Private sector financial needs must also be considered. New institutions and incentives for private savings should be encouraged. The Bank of Uganda, The Treasury, and Devplan should determine rough priorities and magnitudes of desired private sector credit and then devise policies to encourage banks, insurance companies, building and loan societies, and other financial bodies to follow the national priority and allocation scheme. Various — if imperfect — instruments of influence and control are already available to the government and central bank.

Rural credit poses very special problems. Large scale export crop finance is relatively simple to provide. Even here the present policy of securing it from expatriate banks at high foreign exchange costs as opposed to from seasonal credit creation by the Bank of Uganda at no real national cost has not been fully recognized as the piece of economic folly (at least for Uganda) which it is.

Similarly credit to plantations and processing plants is analagous industrial credit. Cooperative and smallholder loans are very much hard to operate effectively. Loan application evaluation, ensuring that credit both sought and used for economically viable purposes, assistance in effective use of borrowed resources, collection of repayment, and doing all this at a cost consistent with bearable interest rates to the farmer or cooperative pose truly Herculean challenges. The difficulties are both in regard to personnel and their effective use and to institutional arrangements. Funding via government loans to, say, the Uganda Bank of Commerce and/or the Uganda Cooperative Bank would not present any major financial difficulties getting the funds to and from the individual user does. One thorny issue is how to use agricultural personnel in advising on loan fund allocation and in assisting in loan resource utilization by farmers without so tying extension workers into the lending institution as to damage the effectiveness of their overall contact with farmers.

Sixth, certain guiding policy principles are needed for public sector activities and personnel. For this purpose the central government, local government, para-statal organizations, and cooperatives are all public sector. The importance of this complex of institutions is already very great in Uganda and will continue to grow especially given the emphasis on expanded para-statal and cooperative activity.

One principle which should always be considered is economic efficiency. To waste resources is not in the public interest. To subsidize the inefficient (not necessarily the poor) is to tax the efficient (not necessarily the rich). If special exceptions — whether crop subsidies, tax concessions, or deployment of personnel in non-economic ways — are needed, as they sometimes are, there should be a clear justification made on precise economic, social or political grounds. If such a requirement existed a good deal of misallocation of resources could be avoided.

To distribute water supply points in relation to population is socially efficient. To allocate at least some extension personnel to start agricultural progress in the poorest areas is sound medium term economic sense. To ensure that education and other services became more evenly available nationally is vital to nation building. To have excess local government officers reduces more useful expenditure and finally through slowing development limits employment. To build luxury airports, or any airport unrelated to traffic potential, benefits the elite at the cost of the general taxpayer. To subsidize (or overprotect) inefficient industry tends to benefit the urban worker at the cost of the rural farmer.

In the government proper there is a built in tendency to add functions but never to abolish any. A genuine interest in efficient operation of any approved service is combined with a reticence to adapt radical procedural changes or to question the continued need for any service once it is established. The problem is of course not unique to Uganda or Africa. It may, however, be more critical because industrial economies can afford government sectors relatively wasteful of skilled manpower and tax revenues to a degree Uganda cannot. Education, for example, is a hopelessly inefficient operation almost everywhere but in Uganda the absolute shortage

of skilled teachers at all levels, of funds for buildings and equipment, and of sophisticated construction capacity for secondary-technical-university facilities make efficient resource use a more urgent issue than in, say the United States or Japan. If a modified double class-short vacation system allowed a 30% increase in secondary and tertiary student bodies with the same physical plant and 10% more teachers, substantial resources would be available either to expand the secondary — tertiary system foster or to add to the present inadequate library, teaching aid, laboratory equipment facilities. If secretary — administrative assistant support was provided to Headmaster, Professors, and holders of posts of similar scale, available teaching and research capacity would be risen 10-15% at a cost a good deal lower than a paralld increase in professional manpower who are in any event not readily available in Uganda or from overseas.

In the para-statal and cooperative sectors, an overriding concern is economic viability of the enterprise — taken as a whole in the short run and major segment by major segment in the medium and long. A public sector productive body which runs losses requiring subsidies from tax revenues or which has higher costs met either from lower producer or higher consumer prices than private enterprise would have entailed is nationally counter-productive. The first duty of any productive enterprise is to cover its full costs (including the normal tax rates) and the second to generate an investible surplus toward the financing of economically justified expansion whether by itself or (via dividends) elsewhere in the economy. These duties are not altered because an enterprise is public sector or cooperative in ownership.

Inefficient management, bad judgement, inadequate charges, padded payrolls — none can be justified by saying "But this is the people's enterprise" All of these and similar weaknesses rob the people by imposing unpredictable taxes (explicit or de facto) beyond any effective system of accountability and for the benefit of special groups who almost always have incomes far above the national average.

This is not to say that initial inefficiencies or losses are never justified if they are truly short term growing pains. Nor are short run losing projects, e.g. rural electrification, ruled out if their costs are calculated and viewed as both financially handleable from enterprise resources in the short run and economically self sustaining within a reasonable period. Any enterprise — private or public — enters into operations which entail initial losses to acquire future gains once it has the financial base to overcome their short run cash flow implications.

To dump economically sub-marginal services — however desirable or even necessary — on a productive unit without paying their time cost is a bad policy. It encourages their inefficient operation — or attempts to avoid operating them — and prevents their true costing by lumping them with profitable operations. That is precisely the road to a deficit ridden para-statal sector and to very high cost, low benefit programmes continuation which, were their costs clearly stated, would otherwise be modified or scrapped.

Provision of inherently sub-economic services poses difficulties. Two

classes arise: those which are viable in regard to operating costs but cannot yield a normal return on capital and those which cannot reasonably be expected to cover operating costs. Rural credit programmes often exemplify the first and small industry promotion schemes the second.

There may be every reason why such programmes should be carried out by para-statal bodies. The case for efficient operation is all the more pressing when even efficiency cannot ensure a normal return on investment. Credit and business promotion should be viewed as productive not general service activities.

What must be ensured is that efficient carrying out of the desired policies is achieved consistent with knowing their true cost and charging it to general revenues not the productive enterprise politically directed to act for the state. On the viable but not profitable programmes this entails an initial provision of the capital cost of the programme from budgetary sources as a non-interest bearing loan whose repayment is not expected during the life of the programme. For projects which cannot meet costs a subsidy should be paid equal to the deficit reasonably projected for efficient operation as well as the capital costs. For example if supervised rural credit at 5% interest can break even but no better than a £2,500,000 programme by — say — the Uganda Commercial Bank could be financed by a specified purpose 20 year no interest loan. Similarly the technical education and advisory service — accounting (less any fees reasonably collectable) costs of a small business or cooperative promotion plan should come from the Ministry of Commerce and Industry vote (presumably non-fixed investment development) not from Uganda Development Corporation surpluses on other activities. Honesty and service are also cardinal principles for the public sector. The first needs little elaboration. However, it does need to be viewed broadly. Conflict of interest (e.g. the Treasury official who borrows money for private business use from a firm with which he deals officially), deliberate disregard for efficiency (e.g. the personnel officer who hires or promotes friends and relatives without regard to qualifications, or even the need for an appointment at all), and refusal to act responsibly (e.g. the civil servant who never takes any decision nor gives definite advice but always shuffles files requiring such action off to someone else) represent dishonesty as much as simple peculation in the moral and economic, if not the legal, senses. Service, too, does not simply mean politeness and attention to expediting individuals' concerns so far as they are consonant with public policy. Even in those fields the record is not too good. The members of the government — business — intellectual — professional elite, by and large get good service. The same, however, does not appear to hold true equally consistently for the little man. That this failing is worldwide not limited to Uganda, or Africa, or developing economies and is found in the USSR as in the USA is no justification for not waging determined efforts to overcome it.

Service also means providing desired and desirable services *at least* so far as they are economic. The hopelessly inadequate Kampala — Nairobi air schedule is open to very sharp criticism on this count. So too are banking hours and rural services — areas in which the Uganda Commercial Bank

could take a lead against the oligopoly cartel represented by the east African Bankers' Agreement.

Finally the public sector — including para-statal and cooperative units — needs coordinated policies. It makes no sense for public units — whether ministries or corporations — to interpret operating autonomy as a license for policy autarchy. That is the road to chaos. In the central government sector and perhaps in central — regional government policy relationships this fact is normally recognised. On East Africa at least it does not appear to be recognised adequately in respect of para-statal bodies and cooperatives.

A para-statal body — e.g. UDC, UEB — is an instrumentality of the state created and given powers to further certain public purposes. One of the necessary powers is a wide degree of flexibility and autonomy in operation. But to argue that a para-statal body is or ought to be outside national planning and policy making rather than an integral part of them and subject to their imperatives is economic madness. One cannot have a Uganda government industrial plan and a totally separate and non-coordinated UDC industrial plan. Logically the two should be jointly formulated with the UDC programme a major component within the overall national effort. The value of a large para-statal sector as a means to achieving effective national control over economic decision making is in danger of being lost if para-statal bodies become empires unto themselves expecting governments to aid in furthering their separate corporate policies rather than the reverse.

Similarly unless autonomous public sector productive units submit detailed annual and more general five year forecast-operating, expansion, financial, and employment projections, the data base needed for effective central government economic policy decision making will be seriously eroded. This is ultimately to the loss of the para-statal bodies themselves as well as of the central government and the economy as a whole. Para-statal corporations can only thrive in a healthy economy influenced by sound policies based on accurate information.

Planning as a pattern of policies has not been considered last because this is a minor aspect of economic planning. It is a critical aspect and one dangerously often overlooked. No plan is either comprehensive or workable unless it is founded on a coherent, consistent, feasible set of policies designed to work in support of progress toward the stated plan goals. Important even in a fully Socialist state — as evidenced by recent problems of and debates on planning in countries as diverse as China and Czechoslovakia — the need for carefully worked out policy systems is absolutely vital in a mixed economy such as that of Uganda today. The same holds true of an economy seeking to attain a more socialist pattern of ownership control while characterized by large decentralized public and cooperative sectors, significant small farming and business sectors, and a limited number of large private firms e.g. Tanzania.

Lack of exactitude in Plan targets is not necessarily a grave weakness. If the basic strategy for change and the general lines of proposed resource allocation plus the range of probable results are known that is a sufficient basis for action and implementation. If only the most immediately needed and the handfull of really key projects in a plan are known in full detail

at the start of an implementation cycle, no grave harm need result. Indeed better that the basic core of projects—which are not to be confused with the largest ones—are well designed, costed, and understood than that a welter of half-designed, half-costed, half-understood projects of varying importance and quality create an impression of precision and a reality of confusion. *Work for Progress* has to a considerable extent escaped from this weakness which was particularly marked in the Second (project) Volume of the Tanganyika Plan (1964).

If, moreover, a comprehensive and coherent policy set has been devised, refinement of resource allocation (budgeting) and project selection is a relatively simple matter. Key policies imply both secondary policies flowing with them and limits on certain other policy decisions. For example the need to raise Uganda's exports implies a rapid expansion of tea production. The desire to develop substantial cash incomes among rural Ugandans calls for at least a substantial portion of the increased tea production to come from smallholders. The aim of distributing development gains broadly throughout the country supports locating at least some of the smallholder development in Toro. If smallholders are to make a go of tea they need loans in kind — e.g. tea stumps, fertilizer, tools, herbicides — as well as intensive agricultural demonstration and advice, assured buyers within a limited distance from their tea gardens, and adequate feeder roads to tea factories. Thus from a basic goal — here export expansion — as seen in the context of national aims, a series of policy and project decisions flow toward the detailed implementation level in the smallholder tea scheme in the Fort Portal area.

A policy centred approach also tends to underline the critical role of non-fixed investment spending. Extensions services, technical education, statistics, research and evaluation are all examples of expenditures often much more productive and critical than fixed investment and certainly always needed to complement it. The greatest bottlenecks in Uganda's rural development today appear to be precisely in the fields of personnel, institutional capacity for deploying field staff, tested data on new techniques which are both practicable and workable in the context of an individual Ugandan farmer, and methods of allocating-supervising-recovering rural credit. Unless these bottlenecks are broken no amount of money on loans, equipment, irrigation, clinics, or any other fixed investment head can result in a broadly based rural advance. In fact capital and skilled manpower intensive programmes — such as Group Farms — may divert attention, personnel, and institutional capacity away from the type of effort necessary to make effective contact with broad groups of individual farmers. To the extent that they have this diversionary effect, the "modern transformation" agricultural projects will slow down rather than hasten overall agricultural progress.

Work for Progress does seek to tackle the "non-capital" bottlenecks. Funds—a prerequisite for action if not necessarily a guarantee of effective action — are allocated and awareness of personnel, institutional, technical problems is both implicitly and explicitly expressed. However the allocation of the largest single portion of Agricultural Sector funds to group farms and

tractor stations, combined with the fact that such projects can consume skilled manpower and capital much more speedily and spectacularly — but all too often much less usefully — that can bottleneck breaking or detailed policy formulation, does give grounds for concern. If *Work for Progress* is to provide a basic policy framework keyed to broadly distributed benefits from development and grounded in part on rapid advances in rural output, heavy 1966-71 emphasis on a limited number of high capital per unit output, low profit per unit investment, high use of skilled agricultural personnel per farmer served schemes appears questionable at best.

VI

Let me conclude with a reassurance and a challenge. *Work for Progress* is a sound-at points perhaps a brilliant-plan. It has weaknesses but many of these have already been recognized and efforts set in hand to correct them. Weaknesses and gaps are inevitable in any planning exercise, ongoing realization of their existence and efforts to correct them are far from equally universal and their presence in Uganda is a good omen for serious, intelligent, and directed effort by the Ministry of Planning and the Government to ensure the implementation of the basic policies and strategies of the Uganda Second Five Year Plan.

Work for Progress' goals are attainable—the overall and sectoral growth rates called for are within the limits of what can be obtained with resources which can be marshalled. However, the goals cannot be attained easily. National development is neither cheap nor instant. There are no easy routes, no panaceas, no formula for “poor and undeveloped today” — “rich and developed tomorrow” or “your money back”. Claims to the contrary usually end in wasted resources, lagging progress, collapsing governments, and anything but the people's money back!

Real progress is possible in Uganda if work is forthcoming. Whether the work will be forthcoming or no is not a question I or any other individual-expatriate or Ugandan — can answer. That is the challenge *Work for Progress* poses to Uganda and to all Ugandans, the question only you and your fellow Ugandans can answer by action between now and 1971.