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THE MACHINERY OF PLANNING:

POLITICAL, ADMINISTRATIVE
AND FINANCIAL ASPECTS+

by

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I. Newly Independent Countries and Planning

Planning in the contemporary sense is a vast governmental operation with political, administrative and financial implications deriving from its overall objective, namely, the improvement of the economic and social conditions of the people of a country. These implications are as far-reaching as those involved in the political and constitutional changes preceding the independence of the newly independent countries of Africa and other parts of the world. Perhaps even more so. And since planning has become the vogue among many countries, especially the newly independent countries of Africa, it is important that considerable thought be given to the subject by countries on the threshold of independence. For they can thereby try to avoid many of the false starts and mistakes of those countries which have preceded them on the path of planning.

2. In many ways it is much easier, politically and administratively, to take over the government of a country at independence than to organize a government for the tasks of planning. All that is necessary in the former case is to change the senior personnel in the various departments of government (by the process of Africanization if the previous incumbents were expatriates), group the departments into ministries under political heads or ministers responsible to a parliament or a chief executive and, through the latter, to the electorate whose wishes are now the directing force behind the activities of government. Once all this is done, business can proceed as usual, as it did under the old colonial masters, using the existing machinery which was originally set up by them. Indeed, hardly more than this is involved in the concept of independence for most political leaders, except that to the old machinery a new part may be

added - external affairs - and all the glamour involved in diplomatic representation abroad and membership of the United Nations and various international organizations.

3. For purposes of planning, however, much more than taking over existing governmental machinery is involved. A reorganization of government as well as the establishment of economic and social goals is called for. The goals may be easy to define and establish, but the reorganization required to establish the machinery for achieving them takes a considerable amount of political energy, courage and foresight such as is seldom imagined or easy to achieve. For, in the first place, economic and social planning requires new machinery to be grafted on to the existing political, administrative and financial machinery. The planning organization, whether a commission or a unit, must be established with trained and experienced personnel who are not easy to come by in the numbers required. It cannot operate with less than a minimum number of people because it is the sensitive focal point and powerhouse of the entire machinery of government whose activities it seeks to guide, co-ordinate and enlarge. Depending on the size of the country and the scope of its operations the minimum number varies, but is hardly likely to be less than a body of six professional economists and statisticians, with suitable clerical and mechanical support.

4. The planning organization must work in very close and continuous contact with the statistical service and the ministry of finance and keep its fingers also on the pulse of each of the other ministries and departments of government. These ministries and departments are usually the executive arms of the government in executing development projects and must therefore be in on the consultative and planning process through some suitable arrangement, as well as feed back to the planning organization the results of their activities. The feedback mechanism is necessarily linked with the planning mechanism as a guide to further planning activity as well as a check on the progress of projects in execution. Call it inspectorate or what you will, it must keep a check on expenditures for the planning mechanism to be able to minimize waste and achieve a necessary degree of flexibility in the allocation and adjustment of expenditures between projects.

5. Such, briefly and without an excursion into technical details, are the broad outlines of the central machinery of planning, but enough has been said to indicate that it is more in the nature of a jellyfish with tentacles reaching out everywhere into the administrative organs of government and fraught, therefore, with potential conflict with practically every ministry and department. It is certainly not going to be the darling of any ministry since its activities are likely to be interpreted as undue interference where a hermetically sealed atmosphere is regarded as the essence of ministerial status and independence (an unfavourable omen for smooth and co-ordinated functioning of the governmental machinery); or an attempt at dictation of how much should be spent on various projects and how the funds should be raised, or, worse, a presumptuous attempt at usurping the functions of the ministry of finance, where the finance and treasury department, absorbed and metamorphosed into a ministry of finance, has been traditionally regarded as the premier department.
6. Yet a planning organization, in order to be effective, must plan not only the projects but also the funds with which to finance them, and allocate those funds to the various ministries and departments. It must have enough authority as well as co-operation in order to see the plan through. It cannot make a long-term plan without also planning, on long term, the finances to be available to carry out the plan. But this is just where a good deal of misunderstanding is likely to arise between the planning organization and the ministry of finance. The plain truth is that most ministries of finance, in newly independent countries, are not properly set up to cope with the tasks and requirements of planning. The traditional preparation of annual budgets of revenue and expenditure is hardly the sort of thing required for development or long-term planning. For the former deals mostly with annual recurrent expenditure of the existing services of government, with a few capital spending projects thrown in, while the latter is mainly involved with capital spending beyond the annual span of the traditional budget as well as with its annual recurrent commitments.
7. Thus the budgetary problem of government involves a two-fold aspect, short and long term, the latter being of particular relevance to planning; but the former also is relevant since development spending gives rise to annual recurrent costs. Consequently, it is impossible to isolate any part of government finance from the scope of the interest and activities of the planning organization, and

some means must be found of bringing the two mechanisms together. This automatically implies that the finance ministry cannot, in the planning situation, continue to regard itself, as it was wont to do in the past, as the premier branch of government. For finances must also be planned. Therefore, the ministry of finance cannot be the final arbiter of what should be done or how much should be spent on what. For its activities cannot escape the judgment of the planning organization itself.

8. Here we run into a constitutional problem of the first magnitude. For the planning organization usually has no constitutional status, sometimes also no definitive location within the administrative structure, as it was seldom thought of when drawing up the new constitution for political independence, especially in ex-British colonies. A ministry of finance, yes, and a ministry of development - or even a ministry of finance and economics - but a planning organization or a ministry of planning, no - except in former French colonies. Thus in ex-British colonies, as in Britain itself, planning has no defined or assured constitutional status and is likely to be swept under the rug of the ministry of finance - unless something is done to prevent this and the consequent threat which it poses to orderly economic and social development.

9. Not, really, that the planning organization needs a constitutional provision. It is merely a matter of establishing its mechanism in a strategic location within the existing administrative structure, so that it may have a chance to do its work effectively to the benefit of the entire country.

II. Workable Planning Arrangements

10. Ideally, a workable arrangement would be to set up a ministry of finance and planning, the king-pin of which should be the department of budget and planning to which would be attached, as auxiliaries, the department of statistics, the personnel or establishment department, and the department of finance and treasury, customs and excise, and internal revenue (income tax). The budget and planning department should take care of long-term economic and social planning as well as long and short-term financial planning, with its planning inspectorate as feedback mechanism, assisted by the establishment, statistics and revenue departments, but in constant touch and consultation with all

ministries and departments. . The department of finance and treasury, on its side, should carry out its traditional functions of custody of public funds, financial accounting, formulation and enforcement of financial regulations, as well as supervision, through the central bank, of the currency and banking system as a whole.

11. Quite clearly, this kind of arrangement would do the minimum of violence to established ideas, precepts and prejudices and leave the minister of finance quite happy, but with more justification of his prestige than hitherto. Furthermore, it should be equally obvious that the civil service head of this new type of finance ministry cannot be the ordinary run of administrative officer who works his way up the civil service ladder with a first, second or third in history or the classics. For this is a technical ministry in the full sense of the term, and a professional economist should head it, assisted preferably by a small if select group of economic advisers drawn from competent professionals outside the civil service, but sworn to the oath of secrecy and loyal service. Such persons, naturally, must have a stake in the country, while in their selection a profitable avenue exists for co-operation with the university community, as well as other sections of the country's life.

12. The chances of setting up such a ministry are good only where serious thought is being given, prior to political independence, to the problems and consequences of planning. They are not bad, either, even after political independence, provided the change is made quite early in the post-independence period. The suggested arrangement has the merit that it can be adopted for both federal and regional planning machinery.

13. Some newly independent countries, overtaken by the necessity for planning, make compromises, however, with varying degrees of success but hardly with much satisfaction. In order to give the planning organization the prestige it deserves it may be thought best to attach it to the prime minister's office. Where the prime minister is personally and energetically interested in planning and development this arrangement may work well, but the finance minister is forced to co-operate under the weight, or the threat of the whip, of the prime minister's prestige. It may not work quite well with a less interested prime minister since much will depend not only on his interest but also on his personality. Indeed, a prime minister who is less personally involved in planning and

development may seek to shunt this part of his portfolio to a minister of development whose personal prestige is necessarily less than that of the prime minister and who, in any case, must co-operate with the finance minister to get anywhere at all. This arrangement, at best, is unsatisfactory because it leaves intact the subordinate-superior feeling, and behaviour, between the two ministries. For the finance minister, by virtue of his control of the public purse and the traditional position of his ministry as primus inter pares in the pecking order of ministers after the prime minister, is unlikely to take seriously the planning point of view of his development colleague. If the latter is bold enough to press his viewpoint this may lead to conflict.

14. Or, again, in order to minimize conflict over the allocation and expenditure of funds for development from the public revenues, it may be considered advisable, as a compromise, for the ministries of finance and development to have separate vote allocations from revenue, corresponding to the division between current and capital budget, with certain assigned revenues accruing to the ministry of development. Although the ministry of finance would still take care of the general accounting for public funds, the two ministries would have complete control over their respective shares of the common purse, which is the very reason for dissatisfaction with this arrangement, for the government purse is one and indivisible and the division of control is bad for co-ordination and general flexibility in financial matters. Yet where the issue becomes one of a choice between maintaining two cabinet jobs and merging the two ministries with possible loss of a cabinet job the claims of economy, co-ordination and commonsense may get lost in the tussle.

15. There is, apparently, no good or satisfactory substitute for a merged ministry of development, finance and planning, for the public purse is a single, indivisible purse, even though the ministerial claimants may be many and the objects of expenditure varied, long as well as short term. But the merger must be complete in all its essential elements - budget, statistics, planning personnel, revenue and plan inspectorate. For it is better not to plan at all, but to carry on business as before than to pretend to plan without accepting its consequences.

III. Political Aspects of Planning

16. Having thus encompassed, briefly and in a very general manner, the political, administrative and financial aspects and consequences of planning, it is appropriate to deal with each of these main aspects in a little more detail. First the political aspect. One of the most intriguing but little examined aspects of modern political constitutions is the relevance of types of political constitutions to the pace and progress of economic and social development. Experience with the workings of political constitutions seems to lend weight to the view that some political constitutions are more conducive than others to rapid economic and social development by government.

17. In general, the system of parliamentary democracy, as it obtains in the United Kingdom and in the light of its historical performance, is politically very effective but somewhat deficient in the acceleration of economic and social development. A basic reason for this, it would seem, is that this type of democracy is based on non-separation of executive and legislative powers, so that the electoral machinery selects both the legislators and the executive or cabinet heads of ministries. But the electoral machinery is designed to select politicians - that is, the elected representatives of the people, not technicians or professional people with skill or competence in the particular fields represented by the various ministries. Hence it does not ensure that the ministers chosen from the elected representatives will also be competent in the work of the respective ministries which they head - unless by the merest accident, aided by deliberate adjustment by the prime minister. It is on this account that the tradition has developed in the United Kingdom that ministers are not specialists but politicians and have therefore to depend a great deal on specialists in the permanent civil service, a dependence which carries considerable respect for the professional competence of their senior civil servants and a willingness to listen to their points of view even though there is no obligation to accept their advice. This tradition, however, is only a rationalization of the results of this particular type of political institution as it operates in the United Kingdom and not, as is often mistakenly thought or believed, a political tenet or a fundamental axiom of political philosophy.

18. By contrast, the system of presidential democracy, as it is practised in the United States of America, is designed to separate executive from legislative powers, so that either branch of government becomes competent within its own field. Thus, all the legislators are selected by the electoral machinery but, on the executive side, only the president is selected by popular vote and he is then free to select his cabinet from among people who are competent professionally and/or by experience in the particular work of various departments (ministries). Additionally, these cabinet ministers are aided by professionals in the permanent civil service. The economic and social performance of the United States in its relatively brief period of history may be regarded as supporting, if not conclusive, evidence that an executive system that sets a premium on the relevance of cabinet personnel to the departments of activity which they head is more likely to produce results in quicker time than one which does not. The experience of the Soviet Union in its much briefer history is even stronger evidence.

19. It would seem to follow, from this brief sketch of major differences between parliamentary and presidential democracy (the judiciary is largely independent in both cases) that where government activity is largely confined to administrative and regulatory functions with private enterprise being primarily responsible for economic development, there is little to choose between the two systems of government. But where, as in underdeveloped (or developing) countries of the contemporary world, government has to take the leading role in economic development the presidential type is more suited to the task than the parliamentary type because, given the legislative programme, it is more likely to produce results in much quicker time.

20. Hence, short of changing the constitutional form of government, countries which have adopted the United Kingdom parliamentary form of government will have to make modifications in the governmental structure which are designed to promote rapid economic growth under the leadership of government. This is particularly the case in the field of economic and social planning. Because overall economic and social planning must be the responsibility of government the planning organization must fall directly within an appropriate ministry of government. With development and finance institutions the position is somewhat different. In addition to the necessity for a high degree of

reliance by ministers on professional advisers in the permanent civil service, certain development and finance institutions (development corporations, industrial, agricultural and co-operative banks, research institutions, and so on) would have to be set up on an autonomous basis outside of the regular civil service, but with general ministerial responsibility by the political heads within whose respective portfolios the work of such autonomous bodies lies. The most important and, perhaps most difficult modification, however, concerns the adjustment of cabinet personnel to suit the fields of competence over which they preside. For the range of manoeuvre is limited by the results of the electoral system which determines the material with which the prime minister will have to work. The limitation may be such that no amount of cabinet reshuffle or rotation of ministers may break it, even when the field of choice is extended to the entire membership of the government side in parliament. The solution may lie in fishing from potential material on the opposition side (which makes nonsense of the party system) or selecting from outside parliament. But, in order to save the system of parliamentary responsibility to the nation somebody or other must be persuaded to give up his seat for the desired candidate - a real test of political ingenuity.

21. Furthermore, to the creation of new autonomous development and financial institutions or the conversion of existing departments into autonomous bodies there is a point of diminishing return. This point is rapidly reached as the process continues because, firstly, overall co-ordination becomes increasingly difficult as the number of autonomous agencies increases; secondly, a thorny problem for overall budgetary co-ordination and financial planning is created as the number of ancillary and financial institutions increases outside the area of general government; and, thirdly, the staffing problem may be acute in the face of shortage of trained and competent personnel. These are problems which would arise under either main system of government and which would tax any old-established country, much more newly developing countries which are usually short of qualified personnel to operate and co-ordinate the many institutions which they may wish to establish.

22. The entire field of political institutions in their relevance to economic and social planning and development is one which can usefully employ some research funds, for the results of such research are likely to throw much light on an ever-present problem facing not only developing countries but also older ones. The Economic Commission for Africa has this project currently on the agenda of its work programme.

IV. Administrative Aspects of Planning

(a) Planning and the Central Government

(i) Data, Men and Money :

23. In the first and second parts of this paper general references have been made in the discussion to administrative problems of planning. Attention will now be given, in some detail, to this category of problems. It should have become clear from the discussion in the second part that for the purposes of planning a regrouping into one ministry of some existing departments is essential and best - to wit, finance and treasury customs and excise, income tax, establishment, statistics - as well as the grafting on to these of the new planning and budget administration and a plan inspectorate to keep in continual review, and check on, the pace and progress of development projects being executed by, or under the aegis of, the other ministries.

24. Running through this group of departments is a common theme basic to planning : data, men and money. And with this group of departments under a single ministerial control the thorny problems of co-ordination are reduced to manageable proportions. Since planning depends considerably on the availability of data, the statistics outfit is an integral part of the process, fed by other ministries, chiefly labour and education. Because it also involves personnel recruitment and training, the establishment department comes into the picture. It also involves money, hence the revenue departments and, through the finance and treasury department, the banking system must be closely integrated into the planning process.

25. In this setting, manpower forecasts both for government and for the rest of the economy, projections of revenue and expenditure, capital and recurrent costs of development projects as well as the recurrent costs of existing services, can all be more easily made on long as well as short term. Fiscal and monetary measures, and personnel recruitment and training policies and programmes can be readily adjusted to the requirements of the plan. Furthermore, the chances of irresponsible decisions involving the finances of the country, or of unco-ordinated activity among various ministries, with resulting waste of public funds, could be minimized or readily checked.

26. The planning organization, in this context, does not have to justify or fight for its existence, once the implications of planning are recognized and its responsibilities accepted. It can also, within this context, keep actively in touch with the major decisions affecting the economy in both the fiscal and the financial sphere, including money, banking and credit, and work out their implications for the policy-makers. Hence it can readily advise on the wisdom or unwisdom of specific policies, or their implied harmony or contradictions in regard to existing policies.

27. Planning however, requires continuous consultation with other ministries for its success. In the setting already described it becomes easy to set up official, or unofficial, inter-ministerial consultative committees, prepare integrated departmental and ministerial budgets, and to force various ministries linked in common or related projects to consult with one another in planning or taking action that is of mutual interest.

(ii) Professionals versus Administrators

28. Among the still unsolved problems of most African governments is the role of professionals and technicians in the civil service, vis-à-vis the administrative personnel who, more often than not, perform in a role carried over from the old colonial administration. This problem exists in its own right, except that it does have serious implications for the role and performance of the planning organization as a professional unit. The colonial administration set the administrative officer in the topmost category of civil servants and to become an administrative officer was the ambition of aspiring civil servants. Its achievement meant that one had virtually arrived in the governmental hierarchy. For the potential of an administrative officer was unlimited in scope, in supposed knowledge and in advancement. In the comparatively primitive set-up of the colonial administration, vis-à-vis the requirements of modern government, the administrative officer "knew all". He started his career as a junior district officer, acquired some working knowledge of the local language and customs, adjudicated disputes in local courts as a magistrate, and took precedence over all civil servants in his district. Having served a few years in his composite role of administrator and judge he became qualified to "deal with the natives" in every respect. From here on, he could work his way up successively to district officer, senior district officer, provincial resident, financial

secretary, colonial or chief secretary, deputy governor, and governor of another colony : a very simple pattern of advancement based on a well-defined curia of office. The crowning glory may be an elevation to a peerage in the metropolitan parliament, or a senate seat, as the case may be, with appropriate imperial honours.

29. Administration was thus the key to everything, to a successful career in the colonial civil service. For background preparation, a degree in classics, history or mathematics, or even a general degree was all that was required in the simple conditions of colonial administration. The rustic natives would not know the difference anyway. Relevant specialized knowledge was not required, except perhaps as a handle to elevation over the next administrative colleague. For specialized knowledge could always be called in from outside (the colonial office, that is) by the assignment of ad hoc personnel or task forces whose specialized or technical reports the local demigods, the omniscient administrators, could criticize at will or reject, against their liberal arts background, or pigeon-hole if they did not understand it, and carry on business as usual. Very rarely did action proceed from local initiative; real changes came from outside, imposed by the colonial office.

30. This pattern is likely to be carried over into political independence, although the requirements of modern administration and good government are more complex and increasingly more technical than under the colonial regime. Specialized knowledge still plays second fiddle to a general liberal arts education, professional economists, medical personnel, engineers and technicians to non-technical administrative officers and permanent secretaries. Considering the routine nature of civil service administration the compromise integration of administrative and professional head in the single person of a professional in a ministry may work. But then, again, it may not since, in the past, the professional was never required to immerse himself in the routine of administrative problems

(except to familiarize himself generally with civil service regulations). Nor is the handling and passing of " paperwork" likely to have much appeal to many professionals or technicians since paper discussion, endless minuting and committee meetings so often tend to become a substitute for work and worthwhile activity.

31. Against this background of civil service tradition the contribution of professional personnel is apt to get lost, if not actively suppressed, by jealous administrators whose strong point may lie, not in initiative and action but in the scribbling of memoranda in classical language, in red-tape and "passing the buck", and in putting up minutes for ministerial concurrence. Where a permanent secretary or administrative head is, additionally, generally trained and knowledgeable in the area of his work matters may be considerably improved. But the habit which some administrations have of rotating administrative heads (permanent secretaries) among all ministries, on the theory that they are supposed to be competent in all fields and in handling any type of problem in any ministry, is likely to nullify any advantage which an administrative head with general training or knowledge in a specific field may have acquired as a result of special training programmes or experience over a long period. In such circumstances, the professional head is supposed to be the pillar of the ministry. Since, however, the administrative head of the ministry is the official adviser to the minister in addition to being regarded also as a kind of expert, he is likely to assume the prerogative of passing judgment on professional advice beyond his range of competence rather than to listen with respect. His pre-eminent position in the ministry may be entrenched in that part of the constitution dealing with the civil service, and where a differential in pay favours the professional head of the ministry, the administrator as permanent head may feel robbed of a special right, and is therefore all the more likely to enforce his constitutional position all the more vigorously.

32. What has all this to do with planning, it may be asked. A lot, indeed, For in the general administrative set-up, where professionals and technicians are at a discount, status-wise as well

as in pay - except at the very top levels - the role and authority of the planning organization are apt to be compromised. In the first place the organization was probably set up on the recommendation of an administrator without knowledge or background of the requirements of planning, who determines the professional and other requirements of the organization and who, viewing the organization, rightly, as a threat to his traditional position, wants to start and keep it going in a small way and under his rigid control. Because the structure of the administrative hierarchy and the number of manning positions are usually determined by administrative officers and, therefore, to suit the requirements of administration, professional and technical personnel are often given pay scales inferior to those of administrative personnel (except at the very top levels). The planning organization, as a professional and technical unit, is therefore likely to be so set up as to have no future for prospective candidates in pay, promotion opportunities and status, and to lead to nowhere in particular. Lacking comparable status, pay and promotion prospects with the administrative branch, the planning organization is apt to become a grave of aspiring candidates, and its personnel are likely, at the first opportunity, to transfer into administrative jobs elsewhere in the civil service - which is only natural and fair. But this situation, in the past and up to the present time, has been largely responsible for denuding the school system of its best teachers and, if allowed to continue in the future, is likely to leave economic and social planning and development, as well, at the mercy of administrative officers and second and third rate talent.

33. It is therefore time that serious consideration was given to the entire structure of the civil service, its training and recruitment, and to the role of professionals and technicians, vis à vis administrative personnel, in the changed conditions of political independence, in the light of popular aspirations for progress and development, and the exacting requirements of specialization in modern governments. This is partly a matter of pay scales and promotion prospects as well as of comparative

status. But it goes much further than this. For, suprising as this may sound in view of all that has been said already, the administrator is, after all, the king-pin of modern bureaucracy, be he in government or business or a public utility. He is, properly speaking, the man who keeps the machinery going and gets things done. To say this, however, is to underline the need for administrators to be properly trained in the art of administration as well as experienced in the substantive fields over which they preside. In the civil service this means that administrative jobs should no longer be regarded as promotion posts to be automatically filled in the colonial tradition of the administrative service, or as a personal reward or privilege to selected individuals from the general administrative service. A good administrator must not only be versed in the art of administration, but also possess a lively appreciation for the role and contribution of the professional or technical expert and be prepared to listen to professional advice with respect. For this is the only way whereby the administrator, as an " all rounder " can justify his position and survive in the modern world of specialization. Determination of pay scales and manning tables in the civil service should no longer be left for administrative officers alone to decide, but the technical and professional people should also be represented on the determining body and their voice heard in the deliberations on salaries, status and conditions of service. Otherwise, an injustice is certain to be done to the specialist to the detriment of the country.

(iii) The Foreign Expert

34. Of special contemporary interest is the problem of the technical assistance expert called in from outside as a consultant to the planning organization or other branches of the administration, or to augment the supply of skilled personnel. What should his role be, and how should he be regarded and treated ? Few countries have worked out a satisfactory modus operandi in this respect, despite the fact that the technical assistance programmes of various donor countries, especially those of the United Nations, have a fairly long history going back to the end of the Second World War.

35. The supply of foreign technical personnel is a part of the total problem of specialized manpower supply and falls, as such ,

within the concerns of the planning organization . Where the planning machinery is not properly organized and interministerial or inter-departmental co-operation is minimal, the foreign expert faces a difficult problem. First, he may feel frustrated, lacking a well-defined channel of communication, consultation and action. Second, failure to backstop his activities with supporting local personnel or adequate local cost contributions by the host government may make his efforts fruitless since the guarantee of continuity is missing. All this spells, for the host government, inadequate use of and failure to benefit to the maximum extent from the services of foreign experts.

36. There is, moreover, the very real problem regarding the extent to which the foreign expert employed on administrative jobs may be used. This is a rather sensitive area since in many countries, newly independent of their former colonial masters, the desire to replace metropolitan and other foreign civil servants by local personnel is a matter of very high priority. And this is especially the case as it is the general practice of sovereign states to keep the civil service only for nationals, for security and other reasons of national interest. It is therefore rather unlikely that at a time when foreigners are being rapidly replaced by nationals much enthusiasm would be shown for the foreign expert who seeks to enter the civil service in that most jealously guarded branch of all -- the administrative branch -- even though the risk of permanent displacement of nationals does not arise. Technicians, as distinct from administrators, are not, in this respect, a problem since their jobs are more specific and do not, as a general rule, bring them into contact with " top secret " or " confidential " materials and files.

37. It is up to each country to decide to what extent foreign administrators can be let into their civil services and on what jobs they should be employed. In general, however, the main problems for developing countries are those concerning not so much the use of expert services in the general tasks of planning and development as the planned use of expert services. It is here that much will depend upon the effectiveness of the planning organization. A planning organization, properly organized as has been recommended, should be

in a position to programme the need for expert services, provide local currency and material support, local personnel for understudy and continuity, and post the experts appropriately to the ministries and departments concerned as well as co-ordinate their efforts. In this way, maximum benefit could be derived from such services, and experts could be saved the feeling of frustration which is bound to arise when they are left at a loss not knowing to whom to refer their problems for effective and speedy action, or how their efforts and activities fit into the overall planning and development activity of the country which they have chosen to help.

(iv) The Economic Adviser

38. In some countries provision is made for the post of an economic adviser to the government. The necessity for this appointment arises from the lack of ^asufficient number of qualified and experienced local economists on whom the government could count for continuous advice on and evaluation of its economic programmes. This very situation is likely to create problems for the economic adviser, since he cannot operate in a vacuum but must have competent economists on whom to rely for examination and presentation of the data on which his advice is required. In this situation his task becomes a colossal, if not an impossible, one. It is inconceivable to have an economic adviser who is not closely connected with the planning organisation. Yet this is likely to be the situation in which he finds himself. If, however, there is in existence a properly organized planning mechanism, aided by a council of economists, the need for the appointment of an economic adviser to the government becomes debatable.

39. The position of an economic adviser, unfortunately, is very often an ambiguous one. The nature of his job makes it imperative for him to be properly informed on all matters of government policy and to have access to all kinds of information. He must have access to the highest council of government - the cabinet - as necessary, in order to advise on relevant matters under consideration before decisions are taken.

Naturally, he can only advise and withdraw, leaving the political heads to arrive at their own decisions. But he will, at least, have the satisfaction that all relevant aspects of a matter have been presented for consideration before a decision is reached one way or the other. All this is seldom appreciated by the government, and where he attempts to explain or justify his functions he may run into misguided opposition both from the administrative branch of the civil service and from the ministers as well. When his function becomes properly appreciated his existence is apt to be regarded as a threat to slipshod action and lines of least resistance, his judgment and advice strenuously resisted by permanent secretaries and administrators. His is not what one would call a popular job. Clearly, this appointment cannot work satisfactorily unless it stands outside the regular civil service and, therefore, free of civil service restrictions. And a basic condition for the success of his work is that he must have the confidence of the government. Unless the appointment is made in this manner and on the basis of confidence the usefulness of the economic adviser may be neutralized from the start.

40. Quite apart from the fact that the position is sometimes created without a proper appreciation of what it involves, it is seldom recognized that it is a short-term, stop-gap job. It must disappear in the long run as more trained economists appear on the local scene and the planning organization gets into full swing, its work being directed no longer by one man but by a group of economists assisting the ministry of finance and planning.

(b) Planning and local Government

41. So much for planning at the level of central government. No specific implications have been made as to whether the economy is centrally planned, comprehensively or partially planned; for the kind of planning organization which has been recommended as ideally workable has the merit that it is adaptable to whatever philosophy the government in power may have. The ideological aspects of planning therefore need not enter into the discussion.

42. Planning, however, must come off its high central perch in order to affect, meaningfully, the lives of the people. The mechanism which has been recommended can take care of horizontal integration

and consultation among ministries. It does not necessarily relate vertically to the lower levels of government reaching down to the village level, especially where the economy of a country is not centrally planned, as in the Soviet Union. This aspect of the subject depends a good deal on the relationship between local and central government.

43. One important problem must be disposed of at the outset : local government organization and finance. Local government has a significant role to play in the formulation and execution of the national plan if popular support must be enlisted for the national plan. It is customary at this juncture to think in terms of community development and voluntary effort, backed by central government grants and selective support for certain local government projects. The main decision which must be taken at the start concerns how heavy a burden local government must be entrusted to bear in the execution of the national plan: responsibility for all services locally enjoyed : education, roads, water supplies, electricity etc.? The decision must depend on how well organized and financially strong the local government structure is. If it is well organized the problem is the simple one of assuring to it enough funds - a matter of appropriate division of revenues between central and local government. Here the central government, continuing the past colonial tradition of strong central control, could become too greedy in appropriating revenue sources at the expense of local government and pay the price in the administration of heavy subsidies and an extensive programme of inspection and supervision. Only so could it keep effective check on how well and appropriately the subsidies are spent.

44. It would seem best to leave ample room for local taxes on income, employment (pay-roll), local water and power supplies and for local education levies, in addition to the traditional rate on the annual rental value of property. For the more funds local authorities can marshal the more likely they will be to spend them, in good-natured competition with one another, on development projects more responsive to the wishes of the local people - within the broad outlines determined in the national plan. People get used in this manner not only to paying for visible services enjoyed, but also to the concept of planning from the bottom up.

45. An important factor in the colonial past which it is well to bear in mind is the legacy of strong central control of local government which only began to be modified just before the Second World War. This precluded giving sufficient attention to the strengthening of local administration through adequate personnel training programmes. The district officer was, and to a large extent continues to be, an effective alternative to local administration. Where, as a result local government is not effectively organized because of the lack of adequate trained and competent personnel, there is the likelihood of heavy central government subsidies, strict central inspection and supervision, as well as a heavy reliance, in lieu of adequate local revenues, on voluntary effort on community development projects. Which, indeed, can be usefully and profitably organized by ministries that have the closest impact on local life and activity-education, works, utilities (water, power and light) and social welfare and development. This is the answer to poor local government organization and shortage of local revenues. It sometimes, however, takes some explaining to justify the payment of wages by central government for a similar project which, carried out by local authorities, is expected and urged to be performed on a voluntary basis.

46. It is with this type of local government experience, involving shortage of personnel and local funds, that special effort must be made to stimulate local support for the national plan. The difficulty encountered here stems basically from the fact that in the circumstances of inadequate personnel and local funds the planning process is often reversed - from the top down - and therefore likely to rest on inadequate local support. Selective central government support for key local government projects, assisted by voluntary local effort, can show good results, given good public relations from the information services and other departments of government. Even in these circumstances it is useful for the planning organization, through the central government, to learn what are the most desired projects of the various local authorities, as envisaged by local planning committees or associations of such committees, and to try to take account of them in the formulation of the national plan.

47. In the long run, there is no effective substitute for planning from the bottom up - for a well-organized and efficient system of local government, with adequate local revenues to cover the cost of local projects as part of the general programme called for by the national plan. Hence, also, in the long run it pays to plan for the training of local government personnel and for suitable sources of local government revenue as the proper basis of local support for the total development effort of the country. For, in a new developing country with shortage of skilled manpower and other personnel, it is advisable to avoid as much as possible an over-extension of the activities of central government to the local level involving, as this must, the rapid expansion of the civil service beyond the available potential of trained civil servants, the dilution of its personnel, with consequent loss of efficiency, and the sacrifice of local initiative to an undue extension of central government intervention in matters that may conceivably be left to local government to manage.

48. Where, however, considerable reliance must be placed on local enthusiasm and voluntary effort for an interim period until local government organization and finances are strengthened, the representatives of local government must be brought into the consultative process of the planning machinery at an early stage. This requires some area of flexibility in the preparation of the overall plan. Politicians in parliament are likely to exert pressure for pet local projects. This, of course, cannot be allowed, not only because not every locality can have all its pet projects realized from central funds but also because there is a serious risk of undue distortion of the overall national plan. Consequently, the broad outlines of the national plan must first be laid, taking into account regional (or local) requirements, with a margin of funds for social and community development projects to be allocated among the various localities. On this margin local authorities, and their political representatives in parliament, can be allowed to bargain for allocation to their respective areas on the basis of the magnitude of the voluntary contribution which will be forthcoming from them.

49. The basic idea behind all this is that planning in conjunction with local government authorities can best be tackled on a regional basis, both for purposes of bargaining for allocations from funds that are not previously

earmarked for specific projects but are free for allocation on a regional basis to areas within the region, and in order to keep the overall plan in perspective and in balance with the overall national objectives. The exception here may be encountered in the case of area development projects which cut across or cover several localities. These may involve power or water supplies, as well as "depressed areas" and areas where substantial deposits of natural resources occur. In all such cases central government initiative, supported by local planning committees or groups, must be the paramount factor.

V. Financial Aspects of Planning

(a) Setting one's House in Order

50. Some of the financial aspects of planning have been touched upon in the discussion of administrative problems. There are, however, a few important aspects of the matter which must be given separate consideration. The financing of a national plan is a test of financial integrity on the part of a government and of its desire to harness all of a country's available resources, human and material, for the common good. Especially where external funds are sought to supplement the country's effort, it is vital to provide evidence that all the internal contribution that could possibly be forthcoming has been, or is being, tapped. This is particularly the case where a country has large deposits of mineral resources - oil, diamond, iron bauxite etc. - which, being wasting and irreplaceable assets, should appropriately be harnessed and exploited so as to promote and sustain growth in the rest of the economy, as well as the development of other sources of revenue against the time of their ultimate depletion.

51. A planning organization can play a useful part in the fulfilment of this task by exploring revenue sources and planning the finances of a country, its revenue and expenditure, its debt and amortization structure. Reckless or wasteful exploitation, instead of conservation, or misuse of key mineral resources is likely to leave a developing country bereft of its natural wealth as well as of possible external financial assistance.

(b) Flexibility in Allocation and Expenditure

52. Another financial aspect of planning touches on a time-honoured canon of public finance - the regulation against general or large-scale vifement, that is, shifting the expenditure of funds from one head for which they were voted to another for which they were not. Funds voted for specific purposes by the legislature must not, as a general rule, be used for other purposes as this would be regarded as unwarranted expenditure by the state auditor. This may be quite a useful rule of financial probity in public authorities but hardly in keeping with the requirements and the exigencies of planning. A case may be made for a different or special treatment of that part of the budget devoted to development expenditure. For it seems hardly sensible that the rule against extensive virement should become a hindrance to progress where project 'A' is short of funds while project 'B' with ample funds is hardly moving because of shortages or bottlenecks, or is obviously spending its allocation wastefully. It would seem but reasonable, both in order to achieve progress and in order to avoid waste; that funds be transferred from 'B' to 'A'. This is precisely the area where the effectiveness of planning inspectorates could be demonstrated.

53. The requirement of flexibility in allocation and expenditure on development projects could mean the difference between proper use and misuse of a few thousand pounds, and between the rise and fall of the external credit-worthiness of a country in the capital markets of the world. The fact that $\text{£}x$ is voted and spent on project 'A' and $\text{£}y$ voted and spent on project 'B' proves nothing about the efficiency of the allocation, only that a fetish of public accounting has been faithfully observed. In reality it may be that $\text{£}x$ or $\text{£}y$ has been flushed down the drain. The requirements for the proper use of public funds may often be different from those of public accounting. This is not to say that this check on fiscal probity must be discarded. It is merely to argue the case that some accomodation should be made, at least in regard to development spending, between efficient expenditure and honest expenditure of public funds.

(c) The Legislature and Fiscal Responsibility

54. The question of flexibility in allocation and expenditure on capital projects leads to the wider issue of fiscal responsibility.

by the legislature for the spending programmes of government. With the recognition that in developing countries where the fiscal system has yet to be properly established and developed, and revenue sources are uncertain, unforeseen contingencies are likely to upset the annual budget passed by the parliament, goes a real danger of a violation of the constitutional prerogative of the legislature regarding control over public expenditure. Occasionally, also, it may become necessary to substitute, by cabinet decision, one spending project not authorized by the parliament for another that has been passed by it; to add new projects that have not been sanctioned by the legislature or to exceed the legal budget on many items. Such situations are understandable but should be the exception rather than the rule. Moreover, adequate justification should be provided to the parliament for such substitutions, additions or supplementary provisions when legislative cover for these is sought retroactively.

55. Too frequent repetition of this practice, however, may make a travesty of parliamentary control of expenditure and endanger the whole system of fiscal responsibility and integrity of government. The extreme case would be where the parliament approves one set of spending programmes and the government executes a substantially or entirely different set of programmes, not previously approved by the parliament, and subsequently seeks parliamentary approval as a cover-up for its action, confident that it will secure it by reason of the strength of its majority in parliament. In general, it may be said, the programme approved by the parliament should not be altered by executive action, save in exceptional circumstances which should be adequately justified and not merely covered up. Where expenditure is not made on an approved programme the reason must be either that the need for it had lapsed, or a better programme had been devised, or that circumstances justified a postponement rather than abandonment of the programme. In this last case there must be corresponding evidence of the unspent funds. Only on this basis can a government be compelled to resist the temptation of substituting its executive action for the authority of the legislature through the tyranny of its parliamentary majority, and to co-operate in making parliamentary democracy a workable institution.