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# Regional Planning: What can we do before midnight strikes?

*Sergio Boisier\**

## *Summary*

Nowadays, regional planning at the national level is present in most attempts at social change both in developed and developing countries. The author criticizes the lack of a suitable methodology for conducting the planning process at the level of any given region, emphasizes the limitations, deriving from the degree of openness and relative smallness of the regions, as regards their impact on decision-making, and proposes a process of regional planning which gives prominence to the political aspects associated with the strengthening of regional bargaining power both with the central government and with other institutions outside the region. In proposing a process of "negotiated" planning, the author puts the case for utilizing this process as an instrument for strengthening the democratic structure of society.

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## Introduction

Tribute has been paid to Keynes on many counts, but few would link his name with regional development planning. Nevertheless, the influence of Keynes' thought on Roosevelt played a decisive part in shaping the "New Deal" as part of the response to the recession that hit the United States towards the end of the 1920s. The setting up by the United States Federal Government of the Tennessee Valley Authority (TVA) would have been difficult, if not impossible, without the favourable conditions for government intervention created by the "New Deal". It is probably true to say that many specialists in regional development view the TVA as the first landmark in the still brief history of regional development planning, at least in relation to the capitalist economies.

What has happened in regional planning in the almost half a century which has passed since then? It is not a lengthy matter to describe the broad outlines of its evolution during this period, particularly with reference to Latin America.

The influence of the TVA "model" finds its maximum expression in the creation of the Venezuelan Guayana Development Corporation at the beginning of the past decade, although a series of regional agencies had already been created in various Latin American countries before this, mainly for the purpose of controlling and exploiting energy and natural resources situated in peripheral regions. The Superintendency of the San Francisco River Valley in Brazil and the Federal Commissions of the principal river basins in Mexico are notable examples.

The fact is that, up to the middle of the 1960s, practically all the efforts relating to regional development planning in Latin America (as indeed in other parts of the world) formed part of schemes for *partial peripheral development*, promoted sometimes by the centre and sometimes by the periphery itself, with a variety of objectives ranging from the reconstruction of zones affected by natural disasters to the political control of potentially conflictive situations on the periphery. In an earlier paper the author presented a typology of all these

modes of regional development (Boisier, 1976, a).

From the middle of the 1960s up to the present time, these partial peripheral development schemes have been increasingly replaced by schemes for general peripheral development, once again promoted sometimes by the centre and sometimes by the periphery. These general peripheral development schemes represent what is currently known as regional planning at the national level or interregional planning. Whatever the label used, it refers in this case to an attempt to organize and direct the development process with an eye to the problems, potentialities and interests of all the regions of the country. This had led to the designing of multi-level planning systems and processes in which the regional dimension is incorporated at a level of conceptualization and decision-making similar to that of the traditional global and sectoral dimensions.

This change has come about for a variety of reasons, both theoretical and practical, which have been dealt with at great length in recent literature and therefore need not be repeated here. The United Nations has played an important part in the dissemination of this national approach to regional planning, both through technical assistance projects in this field and more particularly through the work of some of its agencies, past and present, which have specialized to varying extents in this subject, such as the United Nations Research Institute for Social Development (UNRISD, Geneva, Switzerland), the United Nations Centre for Regional Development (UNCRD, Nagoya, Japan) and the Latin American Institute for Economic and Social Planning (ILPES, Santiago, Chile).

From a methodological standpoint, important advances have been made in each of the stages involved in the design of a regional plan of national scope, as well as in theoretical and empirical knowledge of existing situations and explanatory hypotheses. We know how to make good diagnoses (though there is plenty of room for

improvement in their interpretation) and have considerably clarified the nature and interrelation of the various objectives of regional development; we have developed quantitative models, both simple and complex, to convert these objectives into targets and to analyse the crucial problem of target coherence (Gruchman, 1976); we have made significant progress in defining the nature and content of regional development strategies, and we have built up quite a good knowledge of economic and institutional policies and instruments for promoting regional development, though of course all this can be improved and refined.

In brief, we have succeeded in creating a creditable image as regional planners at the national level and we have been skillful enough to convince numerous governments of developed and developing countries of the need to prepare national plans for regional development. The growing professional and academic activity in this field throughout the world is proof of this.

If the average age of the brotherhood of regional planners were around 60 years, there would be no reason to worry in the face of such a positive state of affairs. Retirement would be approaching, and perhaps we could gracefully evade the real problems and retire with all the prestige of intellectual innovators. Unfortunately it would appear that our people, while generally of mature age, are still far from old, and we may therefore find ourselves obliged to reply to some awkward questions posed by those who are actually responsible for preparing regional plans which will produce results in precarious circumstances. What shall we, the academics and experts, reply to the host of regional planners whom we ourselves trained when they ask us in chorus: How do we prepare *in practice* a development plan for a *specific* region that really works?

For purely selfish motives, then, and even if only in order to preserve our image, it might be prudent to begin to prepare a reply now, before the clock strikes twelve, as it did for Cinderella, and before the spell of

enchantment with regional planning is broken.

A paradox of the regional planning process at the national level is that we have developed and adopted this methodology as a reaction to the traditional development programmes for *single regions considered in isolation*, because it seems to us, with reason, that such programmes were successful only in exceptional cases and overlooked the essential fact that regional underdevelopment (or in some cases the total lack of development), was not a fortuitous circumstance, but simply the inevitable result of a certain type of overall development (regardless, to some extent, even of the actual political and economic system), so that the particular problem of a region could not really be solved except in the wider context of the group of regions as a whole. The theoretical and practical bases of this were clearly established, and it remains a solid and incontrovertible fact. Thus, in preparing *national* plans for regional development, we are confronted with the economic problem in its simplest and starkest form: shortage of resources in the face of a generally large number of regions, each with multiple problems and different growth potentials. As the simple solution of equal sharing of the available resources is no use, we find ourselves obliged to determine *regional priorities*, so that national-level regional development plans conclude in glowing pronouncements about the brilliant future which awaits all the regions, *but make concrete proposals for action in only two or three of them*. The paradox is that at the other end of the road we find ourselves once again with the same initial problem, which is to prepare a development plan for one particular region (or for a few regions), although of course now on more favourable terms, since we are presumably working within a well-defined national framework as regards strategies, policies and programmes.

What is to be done? The obvious reply would appear to be: prepare the regional plan in the same way as the interregional

one. Though apparently obvious, however, this solution would not appear to be the best. It may be that the problems is more complex than a simple scaled reduction of a methodology. It may be that the theoretical bases of a national plan for regional development are not appropriate on a reduced scale (as may be the case, perhaps, with the theory of growth poles and growth centres). It may be that the analytical arsenal of the interregional planner is excessively biased towards urban and industrial aspects, whereas these features may not be predominant in a particular region. It may be that the institutional and administrative machinery of a region is simply incapable of operating in terms of a development plan. It may be that statistical and other information is scanty and inadequate at the micro-regional level of detail. All this and a great deal more is possible.

Another response, also obvious in certain circumstances, would be to do nothing at all. This is certainly a valid response within a completely centralized regional planning scheme in which use is made, for example, of quantitative interregional programming models, one output of which is precisely the *programme* of sectoral/regional growth and investment. The well-known "Rotterdam model" does in fact produce results which minimize the task of planning in each region. This type of response, however, though undoubtedly efficient, is highly centralized, permits little participation, and therefore in the last analysis is far from democratic.

The problem described above may not be very serious in the case of the region which is given highest priority, as the greater part of the central government effort is usually concentrated there, but what is to be done in the case of a region which receives only second or third priority? This is where the problem arises in all its magnitude. If few official efforts are directed to such a region, there is no other alternative than to improve the conditions which make self-help possible.

The apparent inadequacy of the application of more or less classic planning methodologies to particular regions is reflected in the dissatisfaction of a number of institutions and experts with the normal procedures and in the search for new solutions.

Thus, for example, Avron Bendavid has developed the so-called "concepts-strategies-projects" approach (Bendavid, 1972) as a more realistic option for regional planning and has recently amplified the same idea in a more formal work (Bendavid and Waller, 1975). The United Nations Centre for Regional Development in Nagoya is preparing a project entitled: "Methods of planning for comprehensive regional development" — MPCRD (UNCRD, 1976), an ambitious project with the very objective of establishing a suitable method for the planning of individual regions in the context of Asian under-development. The United Nations Latin American Institute for Economic and Social Planning (ILPES) has tried out, in its assistance to subnational agencies in Brazil, Mexico and Venezuela, new methodologies and approaches for formulating development plans for single regions. Some of these experiments have been published (Costa-Filho, 1975; Valle, 1975). Van Raay has also recently examined this same problem from a wider standpoint (Van Raay, 1976) and the present author has also referred to the same topic on another occasion (Boisier, 1976, *b*).

More recently, Stöhr and Tödtling (Stöhr and Tödtling, 1977) presented to the Seventeenth European Congress on Regional Science (Cracow, August 1977) an interesting paper on this same subject, in which a strategy of "selective spacial closure" is proposed with a view to preserving regional autonomy and generating responses more in keeping with the particular problems of the regions.

It is not difficult to understand the specialists' concern with seeking alternative planning methods for single regions. Quite apart from any other consideration, the basic question is that the development plan for a single region is in all probability directed

towards the *management of an economy which is essentially small in relative terms* and in many cases in absolute terms as well.

The priorities laid down in the national regional plan will assuredly be expressed in proposals to *control* the growth of the "centre" (coinciding generally with a metropolitan-type region) and to *stimulate* the growth of one or more peripheral regions. Some of these are precisely the "small" regions.

Some time ago the Economic Commission for Latin America (CEPAL) prepared a study of the experiences of various Latin American countries in calculating the regional gross domestic product (CEPAL, 1975). An analysis of the relative participation of the regions, states or provinces in the national total gives a rough idea of the typical economic size of the territorial units which would come under an intra-regional development plan.

Thus, for example, in Argentina (1968) only two of the 24 provinces registered a share equal or superior to 10% of the GDP of the country; in Brazil (1968) only three of the 22 states achieved this level of participation; in Chile (1970) three of the 12 regions; in Colombia (1964) three of the 18 sections; in Ecuador (1965) two of the 16 provinces; in Mexico (1970) one of the 32 states; in Panama (1968) three of the 9 provinces, and in Peru (1965) three of the eight regions. This corroborates what was stated earlier, namely, the very small field of operations to which the preparation of a regional plan is normally confined. The fact that most of these geographic units correspond to administrative divisions rather than to planning regions in no way invalidates the argument.

The immediate consequence of this should be the recognition of the extreme importance of what we might call the *parametric environment* in planning the development of a specific region. In other words, the conditions, events and decisions external to the region will normally have a more significant impact on its development than the internal elements themselves.

This has naturally not passed unnoticed by economists and regional growth theorists and the most widely known texts contain warnings about the different degrees of openness of the regional and national economies, while quite a lot of progress has been made in the formalization of externally induced regional growth models (Siebert, 1969). In reality, however, we are dealing with something which goes beyond mere economic openness (viewed as the relation between the volume of external trade and the domestic product) and is more complex than the mere recognition of the role of external demand and external investment in regional growth, as these aspects are treated in the models for the economic base, interregional multipliers and growth. The question which immediately arises is the following: Are the planning methodologies equipped to take account of the parametric environment?

Is it not rather the case, as several authors suggest (Gutiérrez, Ortiz and Villamil, 1971), that the planning methodologies were designed to deal with economic systems which are relatively closed or, at least, more autonomous as regards their control? If this is so, it might be necessary to revise the planning processes, especially from the standpoint of management and control, in order to link them closely with *systems analysis*. The planning of a region will constitute a typical case of control of an open system.

From an operational standpoint, systems analysis could make a substantial contribution to the restatement of the forms of planning for a region. From the conceptual standpoint, on the other hand, it seems essential to make a distinction between *developmental planning and adaptive planning*, in order to redefine the form assumed by the planning process in a region (Friedmann, 1973). According to Friedmann:

"*Planning for change* can assume two basic forms according to a criterion relative to the autonomy of planning units in the making of decisions. Under

*developmental planning*, there is a high degree of autonomy with respect to the setting of ends and the choice of means; under *adaptive planning*, most decisions are heavily contingent on the actions of others external to the planning system. In practice, of course, most planning decisions are made along the continuum between complete autonomy and complete dependency, and the behaviour of planning systems will differ according to the distribution of decision functions between the two extremes. For instance, planning for urban development at the level of the city will usually be more adaptive than developmental: to a great extent, it will need to respond or adapt to external forces, such as shifts in the locational preferences of national industries, which the municipality cannot significantly influence through its own actions. In planning for national development, on the other hand, the public authorities are able to control a larger number of the variables relevant to their own objectives, so that the nation is much more independent than any of its municipalities. Even among nations, however, there may be differences in the degree of dependency on external forces; and a small, weak nation such as Haiti has to plan more adaptively —if it is planning at all— than the city of São Paulo.

"What are the main differences in the expected behaviour between developmental and adaptive planning? I should not like to take the metaphor too far, but it may be instructive to compare the relationship between developmental and adaptive planning with that which exists between a slave and his master. Assuming that the slave remains a slave (and of course he may decide not to), how does he promote his personal interests? Four forms of behaviour come to mind:

"1. The slave will strive to influence his master's will in his own favour,

without any particular end in view, but rather seeking a reasonable relationship and seizing any change of immediate gratification that may arise.

"2. The slave will seek to increase his sphere of independent choice and action.

"3. The ambitions of the slave will generally be more modest than those of his master. But, in his desire to achieve greater independence, he may adapt his aims more and more to those of his master, imagining a joint or common interest that he may share by adhesion. This is the typical feudal relationship.

"4. The slave may have recourse to political manipulation with a view to changing his master's will in favour of his own interest. The term "political manipulation" should be understood in this context in its broadest sense and may include excessive subservience, flattery, insinuation, subtle pressure,

deceit and other forms of indirect manipulation.

"Now, it seems that a form of behaviour similar to that of the slave is a feature of adaptive planning too. *There will be a tendency to push decisions upwards to centres of developmental planning where the parameters for choice at lower levels may be changed. In attempting this, the lower-level planning systems will generally rely on political manipulation to achieve their ends.* (Underlined by the present author.) So that negotiations with the central authorities may be conducted with equal technical competence, however, counterplanning may be added to political action. Since, on the government's side, any bargaining in a complex advanced economic system is usually done by qualified technical experts, the contending parties must enter negotiations at least as well prepared."

## I

### Nature of planning for a single region

However an economic plan is defined, it implies a finite and arbitrary collection of *decisions* which are taken *a priori* to affect the probable course of certain events. These decisions mainly concern the allocation of resources and administrative forms and procedures (including the setting up of new institutions). A *decision* is only such when it affects a variable or circumstance which is contained *within the sphere of control* of the decision-maker (I cannot "decide" to put an end to racial segregation in South Africa, for example). As will be seen at once, this interpretation of the nature of a plan calls into question the very idea of a "regional plan" in many cases, at least when the plan for the region is regarded as an instrument of and for the regional administration, that is, as a regionally autonomous process.

What are the economic resources which can be managed by regional administration?

If we confine the scope of the question to the financial aspect it is not difficult to answer. First, the region may use resources stemming from the product of certain direct and indirect taxes which the tax legislation concedes to the local regional governments (some taxes on property, certain taxes on services, etc.). Secondly, the region may use its own revenue (holdings and shares in certain regional economic activities). Thirdly, the region may in some cases make use of the local, national or international capital market, either by issuing bonds and debentures or by contracting obligations. Fourthly, the region may use resources transferred by the central government.

Are these resources substantial? The reply in general is that they are not. In view of the centralized tax and budgetary systems prevalent in many countries (in all Latin American countries with the possible excep-



tion of Brazil) the regional or local tax income is minimal, as any local authority would hasten to confirm. Local revenues are, in the overwhelming majority of cases, quite negligible; only in exceptional cases connected with the exploitation of a natural resource or the enjoyment of some special privilege are they significant. The regional utilization of the capital market is still in its infancy in most of the developing countries and it seems unlikely that the poorer regions could benefit from such a system, although the possibility cannot be entirely discounted. The transfer of resources from the central government, potential in some cases and real in others, constitutes the most reliable and important source of help. This excludes, of course, the budgetary allocations assigned to the region by *sectoral* government agencies, since these grants are decided by the agencies and not by the region. It follows, therefore, that when speaking of transfers we are thinking of fixed sums which the central government places at the *free* disposition of the regional administration. The empirical evidence is that, even in the countries where national regional development funds have been established, these transfers are not very substantial.

It is clear, therefore, that regional decisions on the allocation of resources are necessarily very limited and in any case insufficient to contribute in any marked degree to the solution of the main problems of the region.

With regard to institutional or administrative decisions, the situation is no better. Given the pronounced degree of centralization of the public administration in many countries, and particularly those of Latin America, the regional administrative machinery consists (when it exists as such) chiefly of *regional branches* of the national agencies and only to a very small extent of genuinely regional bodies. Even though such branches may be *formally* subject to the regional authorities, there is no doubt that in a *real* sense they are subject to the authority of their own central headquarters.

Thus the scope of regional decisions in this field is also very restricted and, with scant resources, it may be unrealistic to think of establishing new institutions.

These brief considerations should be sufficient to rule out (in most cases) the possibility of making a regional plan in the classic sense, i.e., a set of decisions controlling variables which are *really controllable*. A planning process for a region should therefore be designed to make viable and to maximize the capacity to *intervene* in the parametric environment of the region.

The form which such intervention takes will depend on the relative balance of power between the intervener and the intervened. The greater the relative power of the intervener, the greater likelihood of an authoritative or forceful intervention; the less this relative power, the greater the likelihood that the intervention will become *negotiation*. As we have seen that the typical size of a region is relatively small, it is reasonable to assume that the power of regions to intervene in their parametric environment will be limited, and it is equally reasonable to assume that in such a case the region will tend to change the possibility of intervention into negotiation with the agents comprising the parametric environment, basically the central government and secondarily the national public and private enterprises, the transnational corporations and the external market itself.

In this case the main objective of regional development planning will not be to mobilize the internal resources of the region (though this will always be a component of regional development) but to maximize the regional capacity for negotiation.

John Friedmann, however, in his study cited above, presents a different view. He writes:

*"Different degrees of autonomy and dependency in decision-making tend to be mirrored in a hierarchy of planning authorities which stand in more or less systematic technical and political rela-*

*tion to one another, each level having its appropriate function and decision power. Since each higher level is capable of changing some of the relevant conditions for decisions at all lower levels, and since every change of this sort represents some change of policy, programming—the detailed specification of investments in volume, time, and place—tends to be emphasized at lower levels. Or, put in another way, developmental planning tends to shade off into policy making, adaptive planning into programming. In fact, however, the two become mixed in varying proportion, according to the point on the autonomy/dependency continuum where planning occurs.*

*“In developmental planning, the role of political institutions for guidance and conflict resolution becomes obviously crucial, for it is here that the basic policy decisions are made and that the clashing interests of adaptive planners must be resolved. Developmental planning is not only a technical, but also, and to a large degree, a political function.”*

(Friedmann, 1973.)

Further on it will be seen that, precisely because of the decisional limitations deriving from the size and degree of openness of the regions, regional adaptive planning in most cases assumes a character quite distant from that of “programming”, contrary to the implications of Friedmann’s view, though this is valid for many situations.

As Gutiérrez, Ortiz and Villamil observe: “To treat the countries (or regions in this case) as open systems implies the following: *first*, it is necessary to identify the interchange network between the country (region) and its “setting”; *secondly*, it is necessary to define in detail the nature of the relations between the country (region) and other countries (regions); *thirdly*, it implies a high degree of exogenous action in respect of the critical variables in the planning or decision-making process” (Gutiérrez, Ortiz and Villamil, 1971).

The same authors add: “An open system can exist under conditions of dependence or interdependence, where the former reflects a condition of domination and the latter of reciprocity”.

They also state that: “Political dependence involves or imposes economic and social dependence. In these cases, which approximate to the conditions of planning by regions or subnational units, there is a hierarchy in the planning system and the best that can be done is to try to minimize the negative effects and to maximize the benefits of the dependent relationship, within the limits imposed by the dominant system”.

In a later and more detailed study of the subject, when discussing the problem of decision-making in a situation of inadequate resources, Gutiérrez and Villamil affirm: “The relative inadequacy of resources should be understood in the context of lack of control or in terms of certain limitations in respect of policy options” (Gutiérrez, Villamil, 1973). These limitations on the design of policy options are a direct result of the small size of certain countries and regions.

From the foregoing observations, certain important conclusions emerge which help to redefine the scope of the planning process for a single region. In the first place, there is the need for a thorough clarification of the structure and functioning of what we have called the “parametric environment” of the region: a task which will be included within the regional diagnosis. In the second place, the authors quoted reaffirm the idea that the planning of a region implies the management of a system which is dependent from the standpoint of decision-making: a feature which will have an effect—as we shall see later—on the relative roles of the plan and the regional strategy. In the third place, the limited choice in the design of policy options is seen to stem from the small size of the economic system of a region, a circumstance which will necessarily affect the approach, procedures and machinery of regional planning.

Accordingly, it seems clear that in practice regional planning is as much a process of negotiation and management as a technical exercise, and the decision-making framework within which the planners and other groups function stands out as a subject worthy of special analysis. Precisely this argument is put forward by Dunham in his examination for the case of Ghana — of the formation of spatial structures as a result of the interplay of group interests (Dunham, 1976).

Another important aspect which calls for comment concerns the notion of *strategy* in the context of the planning process for a single regional and its relation to the concept of the *plan* as this has been outlined above.

A regional development strategy can be defined with some precision in the following terms: "A regional development strategy is a limited set of important decisions which, on the basis of the possible reactions of the environment, seeks as its principal aim to maximize change in a regional system while at the same time minimizing the adverse reactions of the system" (Boisier, 1976, *b*).

In the case of regional planning at the national level the most important decisions relating to the strategy are: (i) the definition of the *degree of tension* that a system can support, that is, the specification of the intensity of control that can be applied to the "centre" in order to obtain surpluses from there which can be transferred to the "periphery"; and (ii) the definition of the *style* of regional development which is sought, by means of the evaluation of and selection from a number of important options (e.g. horizontal development versus vertical development). In the same perspective of regional planning at the national level, the regional strategy *complements the plan*, since, taking the country as a whole, most of the decisions relating to the development of the regional system are made within the sphere of control of the country itself. Thus, the concept of the plan (as a set of pure decisions) becomes relatively

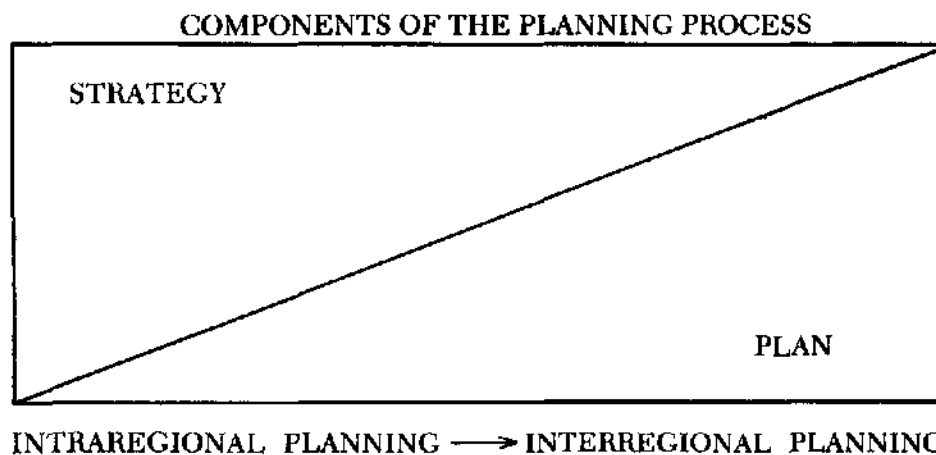
more important than the concept of the strategy (as a set of stochastic decisions and procedures).

In the case of a single region, particularly if this is small and open, the relations between strategy and plan are different. Given that in this case most of the elements of control of the system are external, the development strategy for a single region has another connotation, since in these circumstances the strategy seeks to maximize the possibility of generating decisions on the part of the external elements of control (the agents of the parametric environment) which are suitable and advantageous for the development of the region. In this sense, the development strategy for a region is seen to be closely associated with concrete procedures for action rather than with the creation of conditions for a group of agents to act in accordance with a pre-arranged scheme, as in the case of a national strategy for regional development. From a complementary point of view, it can be stated that the development strategy for a region seeks to reduce the degree of uncertainty in the negotiating procedures between the region and the external agents.

Considering that the *pure* decisions capable of being taken by the region are relatively few, the *plan* of the region is comparatively less important than the strategy, so that in this case the plan is *complementary to the strategy*: the opposite to the relation which exists at the national level. The following diagram illustrates the different relationship between strategy and plan in the case of a regional system as compared with a single region.

Mention should be made, however, of the *relative* character of such statements as: "The strategy is less important than the plan in the case of interregional planning", as the phrase "less important" simply means that there are more elements subject to control in one case than in another. It does not imply a reduction in the absolute importance of an adequate *national* strategy for regional development.

To sum up, then, planning for a region consists of two components: a *decisional* component (the plan proper) and a *procedural* component (the strategy, which includes the specification of the fields to be negotiated and the machinery of negotiation).



## II

### The regional diagnosis revisited

How then can we design a *practical* planning process for a single region which fulfills the foregoing requirements?

Saint-Exupéry said that founding the future involves first and foremost thinking about the present, and hence acquaintance with the region itself, its potentialities, its limitations and the factors operating behind these limitations is the first task and the first stage in regional planning, whatever form this may assume. A good diagnosis is the chief requisite of the plan.

Though this is obvious enough, and though we have built up an appreciable body of experience in the preparation of economic diagnoses, it is no less certain that—at least in the case of Latin America—the regional diagnoses so far known to us are relatively good *descriptions* rather than adequate *interpretations*. Such descriptions are useful, but without an interpretation their value is practically nil.

Diagnoses can be regarded as a process in itself, for which certain inputs are needed

and from which certain outputs are derived. The transformation of the inputs into outputs presupposes some specific action at this stage.

The first input needed for the diagnosis consists of *information*, both on the region and on what has been called the regional parametric environment. Since the object is to prepare a practical planning methodology, and this implies both feasibility and timeliness, we cannot be very demanding at the outset as regards information. We know perfectly well that in this respect there will be a general lack of regional statistical information, but we cannot wait for modern information systems to be designed and put into effect if the aim is really to achieve something in the short term. The “art” of regional planning in this case consists of the intelligent use of indirect information, national data sources, and any odd bit of information available, with a view to extracting facts about the region.

Information for the diagnosis is of three

different types. In the first place *statistical information* is required, i.e., data concerning the state and performance of the principal regional and extraregional variables. Secondly, there is a need for *political information*, referring to the strategies, plans, policies and projects promoted by the central government. Thirdly, information must be built up from *opinions*, i.e., the objective and subjective appraisals of the regional actors (authorities, entrepreneurs, workers, etc.) regarding the problems and potentialities of the region.

With regard to the first category—statistical information—it will be useful to prepare in advance as complete a list as possible of the desired data (examples of such lists can be found in various textbooks on regional planning). The purpose of this list is not to amass all the information suggested (this would prolong the whole process) but to use the list as a guide in order to, first, prepare a second shorter list of the items available or obtainable with very little effort and, second, to establish an order of priority in relation to the data (e.g., in a pre-eminently agricultural region industrial information might be easier to obtain but it would obviously not have top priority). It would seem that the essential point here is to study in depth the statistical sources of *national data* (censuses, social accounts, etc.) in order to extract from these the data concerning the region. This is a procedure which, if well carried out, usually provides more information than is generally supposed.

The aim of collecting the political information, as already noted, is mainly to gain a clear picture of national economic policies (e.g., monetary policy or policy on public expenditure), of sectoral policies (agriculture, industry), and of directly productive investment projects as well as social and infrastructural projects proposed by national government agencies, the objective being to assess the possible impact of this set of decisions on the region. In some cases this can be quantified: for example, the

number of housing units which the Ministry of Housing proposes to build in the region or the number of jobs which an industrial project will generate, but in other cases it will not be so easy: for example, it is difficult to assess the impact of the country's monetary policy on the region.

In view of the nature of the planning process proposed, the political information is extremely important, since it refers precisely to the regional parametric environment or, at least, to the most important part of this: the action of the central government. Consequently, a very serious effort should be made to obtain this information and organize it effectively.

The information relating to the economic policies promoted by the central government should be at least summarily assessed by the regional working group. A very detailed analysis is not necessary at this stage; it is enough for the working group to be able to give a reasonably informed opinion as to whether this or that policy is positive or not in relation to the development envisaged for the region.

On the other hand, the opportunity arises, even at this stage of the regional planning process, to effectively bring into it both the regional and especially the national policy-makers of the public sector. It is not enough to seek information on policies and projects through a formal request nor does it suffice to have an understanding between the regional and sectoral planners. Interaction between regional political authorities, planners and national authorities is essential for the subsequent conversion of the plan into action.

The information derived from opinion is an important complement to the two foregoing categories and its collection simultaneously provides an opportunity to incorporate into the planning process another important set of actors: regional groups. This is useful both for tactical and doctrinal reasons. From the latter standpoint, planning is conceived as a participative and socially integrating process, while

from the tactical point of view, the leaders of the regional social groups effectively complement the functions of the planner in respect of the missing information which they can and often do supply and in respect of problems of everyday life in the region which might pass unnoticed by the technician. Reference will be made below to the techniques which may be used to collect this information in a reasonably objective manner.

The second type of input required for the construction of the diagnosis is concerned with the *techniques of regional analysis*. The mere mention of this is apt to cause raised eyebrows, partly because there is a tendency to think of complicated econometric techniques requiring specialized skills and consuming enormous amounts of time and resources. But if our concern is merely to prepare a feasible and timely plan, using scanty information, we shall naturally have to rely on more elementary techniques of analysis.

It should be understood that two types of analytical techniques have to be used: (i) conventional techniques for the processing of statistical data, and (ii) non-conventional techniques for the processing of more subjective information. Among the latter are exercises of the *brainstorming* type, the formation of *think tanks*, and the use of methods such as the *delphi* technique to identify priority problems, for example.

Fagence, in *Citizen Participation in Planning*, devotes a whole chapter to analysing the ways and means of citizen participation in planning processes (Fagence, M., 1977).

With regard to the conventional techniques of regional analysis, descriptions of these can be found in various textbooks (Isard, 1960; Boudeville, 1966; Bendavid, 1974; Boisier, 1977). Clear preference should be given to those simple techniques for which data can be found in national statistical data sources (e.g., measures of concentration and of specialization, the shift and share method, gravity models, etc.).

Since the procedure of *learning-by-doing* is more suited to the performance of less urgent tasks than those imposed on planners, there is a need in this case for the collaboration of experts with sufficient theoretical knowledge and practical experience.

The general aims of the diagnosis for this form of planning are: (i) to identify the main *problems* of the region, with their respective priorities; (ii) to identify the agents of the regional parametric environment; (iii) to establish the links between the problems and the conduct of these agents; (iv) to identify the chief regional growth potentialities, and (v) to project the future regional situation in the light of the probable behaviour of (i), (ii) and (iii).

Accordingly, the output of the diagnosis will be: (i) a *description*; (ii) an *interpretation*; and (iii) a *projection*.

The description relates to the actual state of the region and, as this cannot be an extended account, its content and formal layout should be planned in advance. The description can be arranged along the following lines:

(a) Description of each territorial unit contained in the region (provinces, communes, districts, etc.) as far as available information permits. This description should of course include details of physical features, economic features, socio-political features and inter-microregional relations;

(b) description of the functioning of the whole system as defined by the units already described: e.g., what changes have occurred within a given period in the total regional population and its intraregional distribution. The object of this type of analysis is to gain an approximate idea of the internal dynamics of the region;

(c) description of the system of human settlements in the region both in its urban and rural dimension;

(d) description of the transport and communications systems within the region and their external connexions;

(e) description of the regional administrative system and procedures connected

with development, with special emphasis on the aspects of interagency co-ordination, faculties and delegation of functions.

Another function of the description, as an output of the diagnosis, is to provide an account of the long-term evolution of certain key variables such as population and production. This will enable the planner to distinguish between long-standing structural problems and short-run problems.

The description also includes—and this is fundamental—an identification and order of priority of the main regional problems. No attempt should be made to draw up an over-long list which would tend to represent subjective views rather than real problems. At this point an effort of imagination is required of the planners. Examples of the questions which might be asked as a help in identifying the problems are the following:

1. Are there any marked deficiencies in the region's supply of natural resources? Is the deficiency (if any) real, or is it a question of lack of knowledge?
2. Are there any marked deficiencies in the region's supply of human resources?
3. What is the relationship between 1 and 2? Is there a problem of saturation? Is there a problem of spatial under-occupation?
4. Are there any marked deficiencies in the region's supply of economic and technological resources?
5. What is the assessment of the economic growth of the region? Is it below the level which the conditions in 1, 2, 3 and 4 above should permit?
6. Does the region's location with respect to national and international markets constitute a serious obstacle to exports?
7. Are there acute problems of income distribution in the region? If so, are they radically different from similar problems at the national level?
8. Are there institutional problems whose removal could of itself speed up regional growth?
9. Are there typically social problems in

the region, such as obvious segregation, racial questions, essentially conservative dominant groups, absence of social organizations, etc.?

Although all these questions are important, I have deliberately mingled questions referring to certain effects with those which refer rather to causes. I have done this for the purpose of showing the need to make an effort to separate the two; diagnoses very often present all these problems mixed up together, which makes the subsequent identification of policies more difficult. For example, regional economic growth is mainly an *effect* of causes connected with one or more of the other eight questions, but it may also be a *cause* of situations such as those connected with questions 4, 7 and 9.

A discussion in depth of these and other questions among planners, authorities and community representatives will generally end in agreement on one of the following three points: the regional economic growth is apparently below the level which the sum total of regional resources should allow; or else the regional economic growth is considered satisfactory but it is clearly generating social problems which cannot be allowed to continue in the long-term; or finally, the regional economic growth cannot be raised above a level imposed by the supply of natural resources, and the remedy must be found in migration.

In identifying the problems it is necessary to go straight to the point and not be sidetracked. If a region is clearly short of housing, this is very likely an effect of faulty income distribution, over-rapid immigration, lack of adequate financial machinery or other reasons, but it rarely represents a substantive problem. It is important of course to identify this type of problem, but it is much more important to devote time and effort to those problems whose solution would have the greatest multiplier effect in dealing with other problems.

Finally, the description includes an identification of the main regional potentialities. The bases for this should be as

objective as possible. What regional elements, natural or not, could be used to better advantage? Has the region a good climate and beautiful scenery (tourism)? Has it soil, energy or mining resources of special importance (agroindustry, energy production, mining)? Has it important markets (industry, commerce, services)? Has it universities or a special endowment of technical experts (research, technology-intensive industries)? Has it basic industries (complementary industries)? How soon could these potentialities be exploited, and what would be the approximate volume of national and international resources required?

The second part of the output of the diagnosis consists, as already mentioned, of the interpretation of the data and facts described above. This is the most difficult and also the most important part of the diagnosis. It is the most difficult because what is needed in reality is a *theory* (or several alternative theories) to detect the causal relations between phenomena, so that action may be taken to deal with the causes and not just the effects. Here, moreover, it is necessary to link the regional problems with the parametric environment.

I have some doubts as to the capacity of the regional theories (at least in their present state) to pass the test of practical applicability. I believe that we have as yet advanced very little in this respect, so we shall have to adopt a more rudimentary procedure.

First of all, it is necessary to identify the agents who operate in the regional parametric environment, their ways of operating, and their relative importance.

The most important agent in the regional parametric environments is undoubtedly the national or central government. The national government influences the performance of the regional economy through a series of decisions, the chief of which are concerned with: (i) global, sectoral and interregional economic policies; (ii) public investment which is not directly productive (infrastructure and provision of services); (iii) current expenditure; and (iv) adminis-

trative rules. The second important agent consists of the public enterprises located in the region, which affect the regional situation through decisions connected with: (i) the volume of production; (ii) the regional content of their activities (purchases of local inputs, linkages in general); and (iii) the regional investment and re-investment of these enterprises. Of parallel importance are the national private enterprises and the transnational enterprises, through their decisions on production, regional content, the handling of profits and employment conditions. The national and international commercial banks are important through their financial decisions regarding the amount and cost of regional credit. Finally, the external market is another important agent in the parametric environment, in terms of extraregional demand for goods and services and of nonresident spending in the region.

Let us now suppose that the main problem of the region has been clearly established. In many cases, and in the last analysis, this problem will be that of an unsatisfactory economic growth rate in the region. This can be interpreted in absolute terms (a 0.4% annual growth rate is low by any standards) or in relative terms (a 5% regional growth rate compared with a 10% national growth rate), and the distinction may be useful further on.

The question is, then: Why does the regional economy grow so slowly and what is the relation between this and the agents of the parametric environment? It will be necessary to carry out at least one check such as the following:

(a) Inadequate amount of regional investment. Scantly regional investment could be due to one or more of the following causes:

(i) Ignorance of the potentialities and resources of the region on the part of the private or public sector;

(ii) lack of a suitable selection of project ideas and feasibility studies;

(iii) high cost of financing or lack of long-term financial resources;



(iv) lack of entrepreneurial groups in the region;

(v) vague or erratic economic policies which affect the investment process at the national level or which affect it particularly in the region;

(vi) low political capacity of the region to press for the allocation of public resources;

(vii) preferential policies for other regions;

(viii) low profitability of known projects or a general impression of lower returns in the region compared with similar investments in other regions.

(b) Overall regional investment is adequate, but it is conspicuously unbalanced. This tends to happen in the case of investment policies mainly directed towards providing an infrastructure (one may recall the case of the spread of industrial estates in several countries in the 1950s and 1960s) or producing energy which is ultimately used by other regions.

(c) Overall regional investment is adequate, but it has been primarily directed to sectors of slow national growth or to sectors having little integration in the regional economy. This case is quite common and generally derives from badly conceived industrialization strategies or strategies which simply ignore regional considerations.

(d) The regional market is small, as is the volume of exports. This could be the result of one or more of the following causes:

(i) Small regional population;

(ii) adequate population, but low levels of income and/or excessive income concentration;

(iii) high transport costs which hamper the sale of regional products outside the region (or lack of transport systems and media);

(iv) obstacles of an administrative type which respect to international trade, including shortage of information on markets;

(v) higher production costs than those applying to similar activities with export potential situated in other regions;

(vi) low regional capacity to attract non-resident spending (no proper management of tourist resources, if these exist).

(e) Lack of skilled manpower, including technicians, engineers and managers. This would hamper the putting into effect of otherwise viable projects.

(f) Lack of (or inability to obtain) the technology needed for the exploitation of certain natural resources in the region.

If it is possible to draw up a list of factors which are not autocorrelated and which provide a reasonable explanation of the problem of the slow growth of the region, it will not be difficult to identify the corresponding agent of the parametric environment and the type of action (by the agent) most appropriate for the factor in question. Thus, for example, if the working group agrees on the primary importance of the factor "inadequate amount of regional investment" as the causal element of the slow growth, and if it has been established that this is mainly due to the "low political capacity of the region to press for the allocation of public resources", then this automatically identifies the agent (the government) and the type of action involved (public investment). Accordingly, it will now be possible to design a strategy for negotiating with the agent with a view to changing his conduct.

Naturally, there is no simple recipe for carrying out the above exercise in practice and therefore much depends on the professional quality of the working group in carrying out this task of causal identification.

Lastly, the third part of the output of the diagnosis is a set of regional macroeconomic projections in terms of a small number of key variables. To this end, an analysis of the present situation and its long-term evolution is combined with the probable effect of the known policies and projects. A projection prepared in terms of the probable evolution of the population, the level of economic activity and the land pattern use at the regional level will be useful not only in order to gain some idea of what the region might

become in ten or fifteen years' time if matters are left to develop on their own, but also because it makes it possible to verify the analysis of present problems and gain some idea of the new problems that might arise in the future.

Before going on to the next stage of the planning process, it would be useful if the working group were to prepare a summary and conclusions on the basis of the diagnosis. The summary should centre on a clear presentation of a very small number of problems considered of priority importance for the region, their nature (a mere list of the problems is not sufficient) in terms of the manner in which they originated, their evolution (problems may either get worse or remain more or less constant), the relation between them (whether or not they are independent problems, and in the latter case, what type of linkage exists between them), and the relationship between each problem and the agents of the parametric environment whose actions in one way or another influence the state of the problem.

Since this summary of the diagnosis will henceforth play a highly important role in the rest of the process, special attention should be paid to the way in which the

conclusions are presented. Language that is somewhat over-technical may be useful when dealing with certain types of people, but possibly not with the most important. Therefore, an effort must be made to use clear and simple language that is intelligible to all. A number of well-known visual techniques (maps, graphs, scale models, etc.) could be most useful. An important though undoubtedly difficult point is to present the regional problems in terms of the main concerns of the person being dealt with, i.e., the appropriate agent of the parametric environment. If the basic concern of those responsible for economic policy is, for example, the control of persistent inflation, the region will not get very far by harping on a growth problem (whose solution might involve greater fiscal expenditure), since that would not be the answer to the main concern. In other words, the region should learn to "communicate" its problems, that is to say, to translate them into a language that reflects the interests of those to whom the problems are presented. Since a great many economic problems are interdependent, it is by no means impossible—although neither is it a simple matter—to make such an adjustment.

### III

## Objectives and goals in the planning of a single region

If the methodology used in regional planning at the national level (interregional planning) were also used at the regional level, once the diagnosis was completed it would be necessary to identify the development objectives and then carry out the quantitative scaling of these objectives, i.e., to establish targets.

A development "objective" is associated with a specific "state" of a certain variable in the image-objective. An objective is *not* an action in itself, but it necessarily

*implies* an action. The action implied by an objective is precisely the policy defined in order that the variable may reach the desired "state". For example, a proposal such as "to redistribute income" is not an objective, since the use of the verbal form denotes an action. Correctly stated, the objective in this case would be: "income distribution of such and such a nature", which may or may not involve an action such as "to redistribute" in the sense of *transferring current income from certain groups to others*. Obviously,

the desired pattern of distribution (the objective) can be achieved through actions which have nothing to do with transfers.

The fact that an objective is always *associated* with an action, without actually being an action as such, denotes the capacity of the social agent which establishes the objective to implement the relevant action. In order to implement an action (which is a policy), it must be possible to exercise control over the elements making up the action or policy, i.e., there must be capacity to handle the policy instruments. A regional objective such as "a distribution of regional income characterized by equal shares for labour and capital" may imply — as an action — a specific tax policy; if the objective is to have any real meaning, the region must in this case exercise control over the policy instruments — for example, it should have the capacity to establish a tax on capital. Otherwise, the objective — from the standpoint of the region's decision-making capacity — will be of no value, since it will be nothing but a declaration of good intentions.

It might well be asked, then, what is the point of establishing an objective for a region, such as attaining a growth rate for the product of 5.3% annually, which is a typical example of the kind of objective met with in practice? Leaving aside the fact that this is not really a correctly defined objective, let us ask ourselves what degree of control has any region over the ultimate determinants of growth?

As noted earlier, the regions' area of control is usually very small, which to a large extent casts doubts on the possibility of endogenously determining regional objectives. It also implies that there would be no point in establishing the quantitative counterpart of the objectives, i.e., targets. *This does not mean, however, that there are no regional objectives or targets; the problem lies not in whether they exist or not but in who has the actual capacity to determine them.* In fact, objectives and goals will always exist and will always be established for each region. This will not be the exclusive responsibility

of each region, however, but of a different decision-making authority.

Gutiérrez, Ortiz and Villamil reach a similar conclusion in their study on the planning of open systems when they state the following: "This analysis raises the need, in the planning of open systems, for the objectives to be multiple rather than unidimensional. The objectives should not only optimize in terms of some economic variables, but should also endeavour to reduce the degree of uncertainty of the system, by replacing, wherever possible, uncontrollable variables by other variables that can be controlled" (Gutiérrez, Ortiz, Villamil, *op. cit.*).

Let us assume that, as often happens, the above situation is disregarded and in preparing the regional plan a good deal of energy is consumed in establishing objectives and goals. For example, it is affirmed that the region should double the growth rate of the product over a certain period by means of an industrial expansion programme. Apart from the fact that this is doubtless outside the scope of the region's control, what would happen if the adjacent region were to set the same target? Are the two situations compatible in terms of the use of scarce resources or the size of the markets? What would happen if not two, but six or even nine regions made similar proposals?

Since a problem of this kind must necessarily have a consistent solution, this could take the form of an *ex post* adjustment, i.e., using the resources as far as they will go and meeting the requirements of the regions with the most political power by pressing for the allocation of resources. This solution is clearly the antithesis of planning and in no way benefits the neediest regions; it is also an inefficient solution if the criteria of regional efficiency now in vogue are accepted.

The alternative solution is to use a supraregional level of authority to arbitrate a rational solution. This is precisely one of the main functions of the national regional plan or the regional development strategy at the

national level and, therefore, of the central regional planning agency. The need to settle this kind of conflict at a supraregional and interregional decision-making level may be substantiated on very solid grounds by invoking some fundamental postulates of systems theory or the more traditional concepts of external economic elements within the framework of a concept of general equilibrium.

In any regional development strategy or plan at the national level the following factors are determined outside the region: (i) the region's objectives, particularly in connexion with its expected contribution towards attaining the most important national objectives; (ii) the regional global growth targets, sectoral goals and corresponding investment funds; (iii) the region's role in the national development process, deriving from the first two points. This role (or "scenario", in the language of MPCRD, developed by UNCRD) may—in aggregate terms—be *positive* if it means greater importance for the region in the national context than in the past, *moderate* if it means keeping the region's relative importance at the same level, or *negative* if it means a decline in the region's relative role. Here again a distinction must be made between absolute and relative situations, since a negative role could nevertheless mean absolute regional growth.

If it is considered that, in actual fact, a number of different roles are assigned to the region, we find—to make a sociological analogy—that what is really being defined is the regional *status*. This definition of regional status replaces or is a substitute for a traditional stage of the planning process: the establishment of objectives and goals.

Since the assignment of the region's status presupposes a fairly passive position on the part of the region, there are here less clearly defined activities to be carried out by the working group concerned with preparing the regional plan. However, the assignment or establishment of the region's status is not as unilateral as might be thought at first

sight. The objectives, goals and resources assigned to each region in the national-level regional development plan or strategy involve an iterative process (short or long) with information feedback between the local planning bodies and the central regional planning agency.

Regional status may be defined either more or less explicitly, depending on the formal approach adopted to the question of regional planning at the national level.

If a true regional development plan has been prepared at the national level, the information on the objectives, goals, policies, programmes and projects envisaged for the region will be highly detailed and regional action will be practically confined to comparing the analysis of its own situation (as derived from the diagnosis) with the proposals contained in the interregional plan and, if no major differences are observable, supporting the process to be followed as regards the implementation of programmes and projects. This situation seldom arises, however, what generally happens is that the treatment of regional problems at the national level is expressed in documents which are along considerably more general lines, in the form of policy "guidelines" or development "strategies".

What role does the image-objective of the region play in the above context? If image-objective is understood to mean a voluntaristic model of the real situation subject to planning (the region), it is clear that such a model would be characterized by: (i) the "state" of the variables it includes (the objectives); (ii) their consistency (rationality of the image); and (iii) the implicit strategy for attaining the image (viability of the image).

Once again it may be observed that this basic component of traditional planning, i.e., the image-objective, becomes a less important element in the context of the planning of a region. It is useful in any case to prepare an image-objective for the region, but its role will be reduced to helping to identify the

agents of the environment rather than becoming the rule which conditions (and is conditioned by) the strategy. The regional

*status* or *scenario* is a more useful concept than that of the image-objective, at least from the operational point of view.

## IV

### Some political aspects of the planning of a single region

Any planning action is both a technical and a political activity. Since this view is universally accepted today, the following question might be asked: what is new about putting forward this position in the context of the planning of a region? There are two answers to this question.

*Firstly*, in bringing to light the political aspects of the planning process in a region, this makes it easier to analyze the conflicts, transactions and agreements which exist, not in society as a whole, but within its technobureaucratic system, or more precisely within the public administration apparatus.

"The invested interests of existing government agencies, particularly national agencies, will usually be deeply rooted and at times may be more of an impediment (to the plan) than the opposition of political or private power interests. An unco-operative attitude (on the part of such agencies) may be expected because first, the regional planning and development agency tends to be considered an instrument that will reduce the powers of the existing agencies, and second, the jurisdictions of regional organizations of the other government agencies generally do not coincide with those designed for the regional plan" (Mayne, 1973).

The above quotation is emphatic in pointing out the political problem faced by regional planning *within* the administration itself. This does not, of course, mean ignoring the fact that a regional development plan will often arouse strong political opposition from other sectors not directly linked to the government, but that occurs in a much broader context on which a great deal

of literature exists. The more restricted but no less important problem of the battle, *inter pares*, between national agencies and executives on the one hand and regional agencies and executives on the other has been given much less attention by the specialists. There is here, then, an element which distinguishes between the way "politics" enters into global planning and regional planning.

*Secondly*, it is a fact that regional planning (on a national scale) can be used, explicitly or implicitly, for two completely opposite political purposes, to which the planner cannot be indifferent. Thus, regional planning at the national level can be used as yet another liturgical element in the cult of centralization and State control, consequently helping to create an essentially anti-democratic society, but it can also be used as an element for the democratization of society, to the extent that it is associated with clearly defined and *realistic* schemes for the territorial decentralization of the decision-making power. No matter how the concept of democracy is defined, there is no doubt that it is associated with a universal possibility of acceding to the generation of power and to power itself, if not in strictly individual terms, at least through organizations intermediate between the individual person and the State. The region is precisely such an organization.

The following are some interesting comments on how a regional planning system can be used for essentially anti-democratic purposes, even in what may be considered a showcase democracy:

"A religion, the State, whose hallowed

name covers the whole country. And, inevitably, the organization most suited to this entity: military-style centralization. France obeys a Headquarters: Paris. In Paris all the information is collected, together all the country's movements are charted on a map as if they were troop movements; from Paris are issued all the orders and directives given by the General Staff; the ministers, whose appointments are approved by the commander-in-chief, the President of the Republic, address themselves to their generals, the Prefects, who entrust the execution of the orders and directives to officers of different ranks: colonels (the so-called high government officials), majors, captains, etc.; while in the lower echelons, there are innumerable non-commissioned officers and minor officials of all categories" (quoted by Servan-Schreiber, 1971).

The same well-known French journalist and political figure adds the following:

"The Government is well aware of the demands for local freedoms that are making themselves heard throughout the country and tries to create an illusion of a response by means of what it calls 'deconcentration'. The confusion is skilfully maintained.

"Deconcentration means the measures aimed at transferring to local government officials certain powers that were formerly assigned to a ministry; their real effect, however, is to increase powers of the Prefects.

"Decentralization, in contrast, tends to bring about a redistribution of democratic power from the State to the local communities. The difference is obvious. On the one hand, the delegation of signature powers to a government official is a matter which concerns neither the citizens nor the elected local representatives; on the other hand, the strengthening of rights linked with the legitimacy deriving from universal suffrage is a matter which directly concerns us all" (Servan-Schreiber, 1971).

There can be no doubt whatever that the whole question of "centralization versus decentralization" is of basic importance in

regional planning. In a matter of this kind, however, care must be taken to avoid romantic, idealistic positions which sometimes simply hide an attack on the role of the State as a development promoting agent.

Both the centralization of the decision-making process (in the public sector) and the territorial and functional decentralization of the process have their merits and disadvantages. One role of regional planning which is a challenge to regional planners, is precisely that of determining the point of equilibrium that will preserve the necessary degree of centralization in certain decisions and the no less necessary degree of decentralization which must be introduced into the system to make it more democratic.

It would be presumptuous, as well as completely outside the scope of this paper, to enter into a detailed analysis of the factors leading to a high level of centralization, but mention must be made at least of some of the most obvious ones.

In the first place, it may be observed that territorial centralization of the decision-making apparatus is the logical and necessary counterpart of the process of territorial concentration of the production process. Since the latter is virtually a necessary condition for growth, centralization is almost inevitable.

Of even greater importance, perhaps, is the relationship between centralization and national unity. Many of the developing countries are still in the nation-building stage, and consolidation of this process requires a strong central power (would it be possible to conceive of modern France without reference to the overwhelming power of Louis XIII, Louis XIV and Richelieu?), capable of imposing its will over tribalism and regionalism of a distinctly separatist nature. To some extent, today's centralization is the price of national unity.

From an essentially technical angle, two other factors may be added which operate in favour of the centralizing trends. On the one hand, technical progress has tended to broaden the *scale* of decisions so that many

decisions connected with investment projects, both in the infrastructure and in directly productive sectors, go beyond the local, provincial or regional scale and are thus converted into interregional or national decisions (for example, a large-scale hydro-electric plant). Clearly, such decision-making scales involve centralized decisions which can at least internalize for the system their possible external factors. On the other hand, the theoretical and empirical recognition of the systemic nature of the whole set of regions again makes it necessary to transfer the capacity for guiding the system (decision-making powers) to higher government levels, that is to say, centralization is necessary in order to optimize the running of the whole system. This, however, is an argument which should not be carried too far. It is quite possible, by means of multi-level planning systems, to find intermediate points corresponding to semi-decentralized systems; what happens in practice, however, is that it is "easier" to centralize than to operate a multiple system.

How, then, can we avoid an excessive degree of centralization? What progress can be made towards decentralization without jeopardizing national unity and a given level of efficiency? What is the regional answer to centralization? Is its aim simply to secure a larger share of power?

A possible answer to this type of question is given by Stöhr and Tödtling in their proposed "selective spatial closure" strategy. The basic issue raised by them is how the regions can defend themselves from centralized answers (to the specific problems of a region) which—in these authors' opinion—are necessarily stereotyped, not functional in relation to the region's real requirements and, consequently, socially

disruptive. According to Stöhr and Tödtling, the centre's typical answer is biased in the sense of: (i) basing itself on concepts of neoclassical economic analysis; (ii) basing itself heavily on large-scale vertically organized institutions, either public or private; (iii) relying excessively on market mechanisms and formal institutional processes; and (iv) placing excessive emphasis on economic achievements and material aspects.

On the basis of the above considerations, the authors propose a regional strategy aimed at "closing" the regions, including measures in the field of supply and demand and policy instruments to modify the friction caused by distance and redistribute the effects of the economies of scale and external economies (Stöhr and Tödtling, *op. cit.*).

A prerequisite of this strategy, as noted by the authors, is a transfer of decision-making capacity from the predominantly functional or vertical units (sectors) to the horizontal (territorial) units at various levels. This prerequisite seems somewhat unrealistic in practice, at any rate in the short term, since there appears to be no reason whatever for the national institutions to surrender part of their real power to territorial organizations. A full analysis of this type of strategy was made by Hilhorst in his comments on the above-mentioned study (Hilhorst, 1977).

Even though the transfer of power to territorial organizations seems impracticable, however, it may be possible to strengthen the regional power by means of alternative mechanisms and perhaps arrive indirectly at similar results to those pursued by Stöhr and Tödtling. This is precisely the aim of the strategy of maximizing the regional bargaining power.

## V

### Regional negotiation strategy

If the central purpose of the planning process of a region is to strengthen the regional bargaining power *vis-à-vis* the agents of the parametric environment, ques-

tions such as the following must be answered: Who negotiates or who conducts the process on behalf of the region? What is negotiated with each agent? What practical measures can be taken to provide the poorest regions with the indispensable technical know-how to back up the negotiation?

The bargaining process must, of course, be conducted by the *regional political authority*. This simple statement, however, involves a number of complex issues.

A step prior to the establishment of formal negotiating machinery is to imbue the community with a sense of *regional identity*, i.e., a collective sense of belonging to a geographical entity characterized by common cultural forms and territorial loyalties. This is essential for establishing *regional legitimacy*, without which a process of regional negotiation cannot be established.

As might be guessed, the previous paragraph points directly at the definition of a region as a basic condition for it to be able to negotiate, or for the negotiation really to represent the region, as a social entity, instead of representing only the thinking of planners. We will not go any further into this subject, which has in any case been thoroughly analysed, but it is necessary to stress the importance of how a region should be defined, and also to remember the many examples of the failure of regionalization processes which have overlooked the problems of regional identity.

"The legitimacy of the institutions and authority of a government are necessary means for achieving a substantive aim, a social programme or project that will arouse a national society's will to change. Without this, planning may be a fascinating scientific discipline but it will not be linked with the political action of the State" (Botana, quoted by Boeninger, 1976).

An indispensable condition for establishing a process of negotiation is the existence of the will of the parties concerned to negotiate. It is assumed that the region has a genuine desire to negotiate, but is this so in the case of the other parties, the government,

enterprises, etc.? It seems clear that a negotiation process such as that proposed means that it must take place within a certain political system. In view of the unequal power relationship between the region and the government, for example, the latter will only be willing to negotiate when the implicit cost-benefit ratio of the negotiation is higher than that of the use of authoritarian force. This situation may derive from a doctrinary conviction (democracy) or from tactical considerations (even the strongest and most authoritarian governments consider it best, on occasions, to avoid forcible solutions). However, not only is the will to negotiate required in order for the negotiation to take place; it is also necessary to define a common area of transaction for all the agents of the parametric environment, in the light of the set of resources, interests and symbols possessed by each negotiating party.

The task of defining this area will once again fall mainly on the region, as the principal party interested in negotiating. Unfortunately, negotiating techniques are still in their infancy (except for the games theory in certain cases), so there is no clear guide for conducting the negotiations, nor for solving deadlock situations, except in a few particular cases (Isard and Smith, 1976).

An important question here is that of the regional authority's *representativeness* for conducting the negotiation process. Who does the regional authority represent? If the authority is elected, the representativeness derives from an electoral consensus and the higher the consensus the higher the representativeness, but if the authority is *appointed*, either through an established institutional mechanism or by *ad hoc* procedures, this power must be legitimized in the eyes of the regional community. It should be remembered that in any country with a unitary system of government, the regional authority is designated by the Executive and represents the Executive in the region; this must be altered so that the authority also represents the region in its relations with the



Executive, which is something that cannot be achieved by decree.

The basis of legitimacy and structure of power of the political system affects the nature and possibilities of the plan, not only because they help to create inequalities in the capacity of the various social agents to acquire or maintain their status as such agents (Boeninger, *op. cit.*), but because they directly affect the capacity to influence the ( exogenous ) adoption of decisions.

One way of increasing the representativeness of the authority or legitimizing its power may be sought through the social *activation* of the region, i.e., through the region's incorporation into the whole planning process (it will be remembered that we already mentioned this point in the diagnosis) and its consequent mobilization in support of its authorities (not necessarily through the use of pressure mechanisms). What is required is activation on the basis of a dialogue and the pursuit of a common destiny for the region, and no regional group can be excluded from this dialogue. Regional development councils, if they exist, can be of valuable assistance in social activation, provided that they are also truly representative.

"A plan which calls for mobilization must also be capable of channeling the consequent participation, and this involves the complex task of setting up social organizations capable of co-ordinating the demands of the mobilized agents, while it also entails establishing a harmonious relationship between their aspirations and the goals envisaged in the plan. This requirement is, in its turn, linked with the reconciliation of political intermediary organizations (generally political parties) and bodies responsible for corporate representation and, in a different perspective, with the relations between the ruling élites or minorities and the broad masses at the social base" (Boeninger, *op. cit.*).

Enhancing the level of representativeness of the regional authority is also imperative in order to facilitate its access to

the central decision-making level. There is a big difference between dealing with the Minister of Finance when backed by a powerful and cohesive regional movement and dealing with him when backed only by one's official title. Even so, political support alone is not very effective in negotiating if at the same time the regional negotiator lacks technical arguments.

"Persuasion and the social pact or contract, backed by the accumulated weight of technical experience and the utilization to the full, as a power resource, of the prestige provided by scientific knowledge, are perhaps the most effective instruments in a basically consensual society" (Boeninger, *op. cit.*).

The second question in relation to regional negotiation is what can be negotiated and how. This will usually depend on the nature of the agent of the parametric environment with whom the negotiation is to take place.

Before specifying what can be negotiated with each agent, the region should prepare a general scheme of negotiation. This involves defining a regional model, in this case strongly conditioned by factors outside the region. In the definition of this model three groups of factors will be considered: (i) the results of the diagnosis, particularly those connected with the identification of the region's potentialities; (ii) the projects under way in the region and new ideas for projects—with differing degrees of precision—which have emerged from the diagnosis itself, and (iii) information on objectives, policies, programmes and projects contained in what has been called regional *status*, i.e., information on the national-level regional development plan or strategy.

The roles of the region, growth targets, general and specific policies (for the region), national projects which will definitely or probably be located in the region, regional development potential, projects of regional origin, and the changes envisaged in regional macroeconomic variables such as

income, employment and the use of space (including the rate and form of urbanization) constitute some factors and elements which should be incorporated in the construction of the regional model to provide a coherent basis for the negotiation process.

Let us now see what happens in the case of the agents with whom the region negotiates. We will begin with the national government, which is usually the principal agent. Assuming, as above, that investment in directly productive activities is carried out, in the case of the public sector, by public enterprises, the concept of the national government used here is close to the concept of the fiscal sector.

The region can negotiate with the national government in the first place on the question of the territorial modification of some economic policies and some economic policy instruments, i.e., the regionalization of economic policies, on which point the following comments are worth reproducing:

“One of the essential features of any developing country is the marked heterogeneity of its economic and social structures. Computation centres and nuclear power stations go side by side with an agriculture in which the driving force is still provided mainly by human beings and draft animals. Ultramodern cities are surrounded by belts of poverty, élite intellectual groups exist at the same time as high percentages of illiteracy, abysmal differences in income occur between sectors and persons, there is no “spatial friction” for high-income groups in contrast with the absolute geographical immobility of the majority, etc. In other words, this fits in with the well-known journalistic picture of underdevelopment in Latin America.

“Faced with this situation —represented here in extreme form— the economic planners and those who are in general responsible for the conduct of economic policy have gradually become aware of a phenomenon which

was largely unnoticed in the past, namely, that the great majority of the usual instruments of economic policy, such as taxes, subsidies, exchange rates and others of the kind, were designed to operate in economic and social situations with a high degree of *homogeneity*, typical of more or less comparable conditions, characteristic in their turn of well-integrated and developed economies. Very different is the economic and social *milieu* of the developing countries, characterized in part, on the one hand, as described above, by important heterogeneous features, and on the other by monopolistic structures. It should be quite obvious that in this case averages, which serve as a basis for the aggregate use of economic policy instruments, are quite inadequate to convey the situation and consequently constitute an inefficient basis for economic decision-making. What is more, the administration of a country on the basis of averages and homogeneous measures *tends to become confined to the administration of the more developed regions*, thus speeding up the cumulative process of concentration.

“In conditions of extreme heterogeneity a case could almost be made for the use of practically individual economic policy instruments, but obviously this is not feasible and consequently it is the *region* which becomes an efficient geographic and economic unit for the administration of an economic policy based somewhere between the inefficiency and injustice of a homogeneous aggregate and the impossibility of complete differentiation.” (Boisier, 1976, b.)

The foregoing considerations lead to the conclusion that the regions, and particularly the less developed ones, must equip themselves to negotiate with the national government an efficient means of territorial differentiation in the application of certain economic policy instruments.

To achieve this, the regional negotiating authority must be able to convince the central economic authorities, on a technical basis, that a mechanism of territorial differentiation will not affect the attainment of the overall objectives envisaged in the use of a given economic policy instrument. Moreover, it must show that the benefits deriving from a measure of this kind would outweigh the higher administrative costs of its application and control.

It is quite possible that a proposal of this kind would be resisted by the economic authorities owing to its apparent complexity. The fact is, however, that there is already differentiation in not a few aspects of economic administration (tax rates, tariffs, etc.) and there is no good reason why this experience should not be put at the service of the regions.

An interesting example of how policies of a homogeneous type come to favour sectors, groups or individuals different from those who were presumably the original object of the policy occurs in the field of public education. For many years it was maintained that primary education should be free of charge in order to give effect to the principle of equality of opportunity, and this principle served as the banner of not a few political campaigns. Later it was demonstrated (thanks to the economists) that if the distribution of wealth and income is regressive, free education comes to be a subsidy for pupils from better-off families, since those who come from poorer families cannot remain within the school system. Thus, in an initial very heterogeneous situation (income distribution in this case) and in the absence of lateral compensatory mechanisms (scholarships, for example), a policy conceived as an impartial and impersonal measure for all comes to favour in the end the very people who do not require help.

In the second place, the region can negotiate with the national government to define a set of *location decisions* related to investment projects contemplated in sec-

toral plans. The reasons for this are a follows:

The development strategies and plans of the sectoral planning agencies currently include more or less complete lists of investment projects. Here it is important to note that, with the exception of energy and mining projects and certain agricultural projects whose location is predetermined by the existence of resources, there still remains a very large group of projects, particularly those of an industrial, nature, whose location admits of a considerable degree of freedom.

With the background and analysis provided by the diagnosis, and after studying the list of sectoral projects, a region might put forward a list of the locational elements which the region has to offer for each project (regional inputs, regional markets, energy, manpower, infrastructure, etc.) so as to start a kind of interregional competition (a sort of public bidding) to obtain the assignment of such projects. It is worth recalling that this competition actually takes place every day, but based entirely on positions of force. The idea in this case is to replace this contest of strength (which is naturally always won by the most powerful regions) by a rational competition on technical bases. A noteworthy example of the use of this mechanism is the petrochemical complex at Bahia (Brazil).

On the other hand, care must be taken to see that this interregional competition for projects does not become a regular "auction" in which each region strives to beat the offer of other regions, no matter what the cost. This might end by benefiting only the private sector (national and transnational enterprises) while the region which "wins" the tender gets none of the potential benefits envisaged. Concrete examples of this could be cited in various Latin American countries.

In the third place, the region can negotiate with the national government to secure the modification of administrative procedures which might be hampering the ac-

celeration of regional growth. This relates almost entirely to bureaucratic processes, where a balance must be obtained between the necessary centralization of some decisional aspects and the no less necessary territorial decentralization of other aspects of such processes. The examples which might be quoted are too well known and numerous to be repeated, but in any case it would seem that decentralization of the public budget should have some priority in this respect.

Finally, both the regional allocation of public investment in infrastructure and social facilities and the current government expenditure on wages, purchase of materials, etc. are also areas in which the region may negotiate.

The second most important agent in the regional environment may be that made up of the public enterprises, whether or not located in the region. With regard to these enterprises, the negotiation will include discussions on the possibilities of an increase in production (subject to market conditions), new investments, and especially the greater economic and technological integration of these enterprises in the regional economy. Why does this or that enterprises buy a good part of its inputs outside the region when equivalent inputs are available in the region? Why are certain advisory services contracted outside the region, when similar regional services exist? This situation sometimes derives from mere administrative routines and not from fundamental causes. This type of question should be formulated by the regional working team in order to be able to present viable alternatives to those with whom they are negotiating. No less important in this case is the discussion of the selection of technologies by public enterprises and their impact on regional employment.

Similar negotiations may be carried on with the national and foreign private enterprises and the private institutions of the financial sector.

The external market (both national and

international) can represent an agent of considerable importance for the region, especially if the region in question has a clear export potential. The difficulty in negotiating with an agent like this lies in its diffused character, but an effort may be made, first, to identify the location of the external markets for each of the principal export products of the region (if a regional product has national importance as an exportable commodity, its market situation will doubtless be handled by the national government or by large companies) and, secondly, to identify the main marketing systems (companies specializing in international trade or in wholesale national distribution) with which negotiations might be started to increase regional exports.

What can the region offer in these negotiations? This is a crucial question difficult to answer. The region does not, as a rule, possess material assets which could be traded, but it does have some non-material elements which are of interest to the agents on the other side.

To the national government and the public enterprises the region may offer the possibility of rationalization of the pressurizing process (which in the long run becomes intolerable to governments) and the attraction of more efficient use of national resources. After all, one must not forget that many of the efforts made on behalf of regional development are aimed at providing *ad-hoc* solutions in response to political pressures expressed in various ways.

Additionally, in certain cases the sheer reasonableness brought out in the regional diagnosis might enable the region to show the central government that the apparent subsidy to the region (as a simple difference between regional receipts and public expenditure) might be transformed in the medium term into a profitable deal for the State, if the flow of financial resources were put to more practical use than in the past. At the same time, the regional diagnosis might help to establish such important

points as the reduced cost of a process of productive and administrative deconcentration, in contrast to prevailing beliefs on the subject.

For the national and foreign private enterprises, associating themselves with a regional development process would give them the opportunity of improving their public image (a very important aspect, particularly for the large international corporations), and creating a better climate for business and for establishing good labour relations: in short, a more stable and favourable atmosphere for their own development.

In every case it is most important to

make an effort to define the common ground for bargaining, i.e., what can be offered and what can reasonably be demanded by each agent.

If it is possible to carry through the negotiating process, the region will have at its disposal a set of commitments and decisions pertaining to each agent in the parametric environment. Some of these commitments and decisions will be more concrete and specific than others. It will be useful at this stage to prepare a list of the results of all the negotiations, identifying in each case the agent involved in each result and the time sequence envisaged for each action or for each preparatory step towards it.

## VI

### Following-up the commitments and actions

The main task of the regional planners will henceforth be to follow up the execution of this set of decisions. The monitoring and consequent assessment of the implementation of the decisions must be regarded not as a sporadic process involving an analysis every three or six months, but as a continuing daily process, and the information about it should be constantly fed back to the regional authority. The regional authority's role of negotiator does not end with the previous stage: its work is not over when the commitments and decisions have been secured. It is also a continuing role which now implies daily inter-agency co-ordination and continuing negotiation with the agents of the parametric environment to settle problems of delays, lack of implementation, and other matters.

Obviously in this process of *negotiated planning* the "plan" as a formal document is of less importance, while the monitoring instruments and processes assume supreme importance. It is thus the process of negotiation and monitoring which constitutes the outstanding feature of this mode of planning.

In view of the importance of the moni-

toring aspect in this planning process, the capacity of the executive machinery of the region consequently becomes decisive for the success or failure of the whole process. On this point, with reference to the case of the State of Minas Gerais (Brazil), a specialist who is similarly dissatisfied with the traditional forms of planning writes:

"The implementation of a planned policy which has been politically approved requires the existence of an executive agency and of a plan which is sufficiently detailed to be put into effect.

"In a market economy, where most of the decisions on production are taken by the private sector, the action of the State is basically aimed at inducing private activity. Apart from correcting market deficiencies, the public sector tries to take action which will be simplified or multiplied by the response of the private sector.

"This inductive character may be negative or positive, just as the errors and defects of an inefficient public mechanism become amplified in the same way

as the positive effects of an efficient mechanism.

"What is sought is on the one hand to correct market deficiencies and on the other to obtain a multiplier effect of public action on private activity.

"The high sensitivity of the private sector to public action makes it necessary to seek maximum efficiency of the latter, especially in the case of a regional economy where most of the policy instruments affecting private activity are in the hands of the central power.

"When the planning activity is initiated, the new forms of rationality which it is sought to establish come up against the traditional obstacles to decision-making within the public machinery. The past performance of the latter has by no means been devoid of merit, and in many cases high levels of efficiency have been attained by executive agencies or units. When an attempt is made to impose a broader rationality—in keeping with a global outlook—incorporating elements which are normally beyond the scope of these units, however, sources of tension arise which need to be resolved in order to achieve the proper development of the plan.

"The public machinery, for its part, is not a monolithic system responsible hierarchically to the summit where policy decisions are made, but is responsible rather to a group of centres seeking a negotiated equilibrium. This gives agility and creativity to the public sector and therefore to the executive process, but it can also create great difficulties which have to be foreseen and forestalled.

"Among the most important factors which condition the capacity of the public machinery the following should be mentioned: (a) the leadership capacity of the political decision-making centres; (b) the technical capacity of the group; (c) its endowment of resources; (d) its organization and the

instruments at the disposal of the political decision-making centre to activate the public machine in the execution of the plan.

"The process of change of the historic modes of decision-making into planned forms requires a great capacity for leadership in order to secure agreements and negotiate new forms of equilibrium which enable the potential of the public machinery to be mobilized for the execution of the plan. The plan cannot be made into a rigid normative instrument which is imposed hierarchically, but must be understood, assimilated, and supported by the executive units, and this requires a great effort of persuasion and leadership.

"The public machinery must have the technical capacity to complete the final draft of the development plan, adequately formulating programmes and projects, or it should have the technical capacity to contract these studies. The public sector should also be prepared to carry out the stage of execution, either with its own resources or through contracts.

"Normally the technical capacity of the public machinery is consistent with the characteristics of the non-planned development of the past, with some sectors at a very high level—such as usually the sector of physical infrastructure and energy—and with a very low level in those sectors generally left behind in spontaneous development. When the planning process attempts to correct these sectoral imbalances, the technically weaker sectors inevitably call for greater efforts, especially in the formulation of programmes and projects. If this situation is not realized in advance and measures are not taken to increase their technical capacity, it will not be possible to invest the new resources which may be allocated in these sectors, in contrast with the situation in the sectors with

traditionally higher capacity. This situation only strengthens the historical imbalances which the aim is to correct, instead of eliminating them.

"This type of problems is not very noticeable in a very conservative planning system, where the sectoral imbalances are acknowledged in the plan and no solution is proposed for them, but matters are different in the case of development programmes basically designed to correct the imbalances of historic growth. It goes without saying that the financial resources required for the operation of the public machinery and the execution of the plan must be strictly equated to the needs of the programme.

"Nevertheless, it is usual to find that the plan is obstructed and hampered by the current budgetary procedures. This is easily understandable if one takes into account the relative antiquity of budgetary procedures compared with planning techniques.

"Traditionally, and almost universally, the budgetary estimates are prepared on an annual basis, but normally a plan requires the commitment of resources for a longer period. In a situation where the budget is a fundamental tool for financial administration this can easily give rise to conflict between the financial policies and the development policy proposed in the plan. There is thus an imperative necessity for close collaboration between the financial and the planning authorities.

"Even when leadership capacity, financial resources and technical experts are available it is important also that the organization of the public sector should be equal to the tasks involved in disaggregating and executing the plan. This form of organization should permit an adequate flow of information from the summit to the base and vice versa and should be based on a hierarchical structure of decision-making in line

with the conception of systems and subsystems (programmes, subprogrammes and projects) into which the plan has been disaggregated.

"The summit of this system should have action mechanisms effective and speedy enough to be able to carry out the plan satisfactorily in the face of distortions and reactions in the different elements of the system. These mechanisms may cover legal, administrative, financial, information, co-ordination, advisory and other aspects, and their existence and characteristics are the basic condition for effective control of the execution of the plan." (Calderón, 1976.)

The process as described so far is not simple, but neither is it beyond the capacity of a reasonably well trained team, always provided that the political authority of the region is genuinely involved in the experiment. After all, negotiation is a familiar process, perhaps usually less systematic and formal, but nevertheless involving a similar procedure. One may indeed quote some concrete and successful experiments, as, for example, the way in which the development of the State of Bahia in Brazil has been approached, and about which a specialist writes as follows:

*"The viability of the strategic concept of regional development depends in great part on the realism timeliness with which the interrelations between the regional and the national economy are handled. In countries like Brazil, endowed with extraordinarily dynamic growth, transitory economic changes are very frequent, compelling the region to develop its own analytical capacity and mechanisms to ensure a swift and timely political intervention. This is essential if the region is to take advantage of the dynamic factors of exogenous growth and avoid as far as possible the depressive effects which frequently accompany foreign investments within a model of dependent growth.*

"In practice, within this type of model, the actions of the public and private peripheral sectors consists essentially of responses or reactions to actions deriving from the centre. This does not necessarily mean, however, that the response cannot be creative or innovative in so far as they are realistic and are based on the capacity to take advantage of the opportunities occasionally provided by the development of the centre.

"The possibility of creating this dialectic capacity in underdeveloped regions of countries which are themselves underdeveloped might seem Utopian if it were not that the lack of political rationality need not necessarily stem from underdevelopment. The existence of economic liberation processes in countries which were originally capitalized by foreign investment and, on another level, experiments such as that of the petrochemical industry in Bahia, indicate that it is possible, though admittedly by no means easy, to give rise to growing processes of economic autonomy beginning from investment concentrations generated by external factors.

"To make all this possible, however, it is necessary to introduce institutional changes in the technical and administrative procedures of the region. In the first place, it will be necessary to provide the region with a *permanent* capacity for analysing the regional economy and the national situation. There is no development plan or economic diagnosis which does not have to be systematically and periodically revised in order to be adapted to the dynamic nature of development. Regional development strategy needs a *modern information system and instruments of analysis*. The underdeveloped regions do not possess, for example, systems of social accounting, nor means for the regional quantification of economic and

social phenomena. Generally the scanty information available has such a low level of synthesis that it is practically useless for a study of the internal situation of the region. It is interesting to note that the degree of synthesis of information is always related to the interest of the user and therefore the present supply of statistics is determined by the interest of the centre and not of the region.

"The establishment of institutions responsible for information and regional economic analysis is therefore indispensable for the preparation, execution and continuous revision of a regional development strategy such as that which is suggested here.

*"It will also be necessary to introduce institutional reforms in the sphere of administration to raise the capacity of political intervention in questions as important as the central decisions which affect the region, the reinvestment within the region of the product generated there, the generation of strategic projects, the location of economic activity and the internal market.* It will also be necessary to achieve greater political continuity and to expand the basis of participation in the processes of political decision-making, production and consumption. The incorporation of the local elite and of an ever-increasing labour force, the training of local personnel and the stimulation of the development of regional technical services are ways of achieving greater integration and of promoting the growth of local capacity for initiative and identification with the region.

"In many respects regional development is a conflict of interests between a powerful centre and a periphery which needs to unite all its forces for an unequal battle. Only the integration of local capacities and a real sense of regional identity can produce the conditions for success. This is especially the



case in strategic projects, which it would be difficult for technical groups from outside the region to identify and study. For this reason it is imperative to carry out the systematic training of technical cadres both in the public sector and in private enterprise. The development of a region in the present conditions requires a system of intellectual support formed by the technical-political élite of the government, the university and local firms of consultants. To create the conditions for the development of this system is one of the main responsibilities of the public sector in the field of development.

"In addition to increasing efficiency in the formulation of political options (regional analysis) and in the capacity for political action on the part of the administration, it will also be necessary to initiate a gradual process of improvement in the internal administrative system and the methods and procedures used in it. A programme of this type is essential to ensure that the reforms that might result from the two levels of action previously mentioned are consolidated in permanent form by the regional administration. The remodeling of the administrative machinery of the region is always a lengthy process which needs continual renewal to adapt itself to the strategy. It may be that a start should be made with the programming system, beginning with the conversion of the general terms of the development strategy into sectoral goals and programmes at the level of the whole State (government programme), integrated in spatial programmes (microregions). In the case of Bahia, the Reconcavo area must be considered as a priority sub-region where, as a preliminary hypothesis, public sector investments should initially be concentrated. The budget should be prepared on the basis of a preliminary definition of programmes and the availability of resources. The co-

ordination of the execution of programmes and projects should constitute a parallel sub-system in the hand of coordinating units in the central and decentralized executive agencies of the public sector. Finally, another sub-system, that of assessment, should analyse the achievements of the programmes and projects at the end of each accounting period in order to incorporate the actual results of the process into the future programming.

"All these tasks are of course difficult to carry out and require trained and psychologically motivated personnel. But the difficulties should not be a reason for abandoning the effort to rationalize the development process, especially considering that this effort is one of the few instruments that can be used to achieve regional objectives and goals which otherwise would depend on the free play of external forces and the emergence of spontaneous solutions. Past experience provides enough examples to show that this form of development is far from efficient and cannot always ensure regional development even though there may be growth." (Neira, 1972.)

How could the technical capacity of the team entrusted with the planning of a region be improved in practice? Or how could a region be endowed with a qualified technical team? It is unquestionable that "negotiated" regional planning requires trained personnel, and it is undeniable that in some cases certain regions face serious difficulties in this connexion. Various alternative measures may be suggested to deal with this problem.

One way of endowing the neediest regions with technical capacity is to use the system of international technical co-operation, whether multilateral or bilateral. There is no doubt that organizations such as the United Nations and others of the kind have highly-trained personnel and are well placed to assist the regions in this sort of task,

which is perhaps potentially more fruitful than advisory services supplied to governments at a very general level. In the case of Latin America, the Latin American Institute for Economic and Social Planning (ILPES) has carried out extensive and valuable work in this field. This type of assistance naturally requires the authorization of the central governments and therefore once again there is a need for the will to negotiate subsequently with the region.

Another and extremely interesting possibility is the agreement of *all* the regions to create some type of institutional mechanism which *represents the interests of the regional system vis-à-vis the Nation*, and can consequently supply technical assistance to specific regions. One of the most interesting practical examples of this is the Federal Investment Council of Argentina. This Council was set up by resolution of the Ministers of Finance of the Provinces of Argentina in 1959 and *represents a political agreement* between the Provinces which does not include the Nation (although it could do so).

Following a similar line of interregional co-operation, coalitions of two or more regions with relatively complementary interests could be formed. Such coalitions would improve the regional bargaining power in negotiations and permit the formation of technical teams combining the best human resources available. "It seems evident that, except in the most obstinate cases, the more the members of a group can put forward and maintain a common position in their negotiation with other groups, the stronger will be their bargaining power. This principle not only applies to the constitution

and organization of local groups as part of the distribution process, but also to the agreements between "competing" groups acting at the interregional or national level on the basis of which they can decide to divide the market between them or offer common prices or conditions". (Dunham, *op. cit.*)

The method and procedure of "negotiated" regional planning proposed and developed in the foregoing pages is not a magic formula of universal application. There are some cases in which it is not suitable, but it may be very useful if not in most cases, at least in a good number of practical situations. Each region and each situation has its individual features, and the general scheme will therefore need to be adapted to each concrete situation. We do hope, however, that it will provide a more viable, practical and direct reply to the challenging questions: How do I prepare a regional plan?

"There will be rightist opponents who say that the people are incapable of learning, or that they do not wish to learn, and that it is the elites who must shoulder the responsibility of government. Thus the problem is to strengthen the elites and endow them with better planning instruments, and wider powers. There are leftist opponents who say that nothing can be done until the power of the corporations and the bourgeois. State is destroyed by a victorious proletariat."

John Friedmann: *Innovación, respuesta flexible y aprendizaje social: un problema en la teoría de metaplanificación.* (Innovation, flexible response and social apprenticeship: a problem in the theory of meta-planning.)

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