

UNIVERSITY OF PUERTO RICO
GRADUATE PROGRAM IN PLANNING
Río Piedras, Puerto Rico

SOCIAL PLANNING - INTERESTS AND TECHNIQUES

By: Professor Dr. Eugen Pusić

Social Planning Conference

July 18 - 22, 1966

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I Introduction:

Discussions of social planning often compound Don Quixote with Sancho Pansa. The windmills of existing difficulties are transformed into giants of principle. But then, instead of fighting them, they are declared invincible and somebody else is pointed out, lazily, who should fight them in the first place. At best some word-magic is used against them¹.

The argument, suitably compressed, usually runs as follows:

In social planning, - as distinguished from economic planning- we lack uniform standards and units of measurement, various goals cannot be significantly compared with each other, and the decision among them is a matter of free choice based on value-orientations and unfathomable personal criteria.

Therefore, social planning is not, really, planning in the technical sense; it is political decision-making. As such is not the responsibility of planners but of politicians.

¹Such as, calling "the complementarity method" the process of reflecting if we have enough money to do what we would want to. When proved wrong in our guessing and forced to cut our objectives or to find additional resources we might speak, with handsome understatement, of "serial approximation".

Even in its over-drawn form, this is a persuasive argument. What makes it persuasive is the part of truth it contains. It is easy to overlook the distortion of perspective, the partial irrelevance, and the exaggeration which go along.

It seems worthwhile to try to make explicit one's basic assumptions about the relationship between the two concepts, "economic" and "social".

Hardly anybody wants factories or railways, coal mines or oil wells, tobacco plantations or banks for their own sake, because they are beautiful or good or desirable in any essential and ultimate sense. Our attitude towards them is as a rule, instrumental-rational /"zweckrational" in Max Weber's terminology/. We see them as sources, direct or indirect, from where to satisfy our wants and needs, to get food and shelter, protect or restore our health, build cities; communicate with each other, pay for the education of the young, provide for our old and helpless fellows, and realize the thousands of other interests which man has acquired in modern society. It seems, therefore, misleading to speak of "economic" and "social" development or planning as if they were in any sense parallel.

The maintenance and the improvement, individually and socially, of our human condition, as we see it, is the end of most of our efforts and activities, social as well as individual, it is the development of our society, it is social development. In order to achieve this, as a means, we must manipulate and expand scarce resources and use them to the best advantage; this we might call economics and economic development. In a world of scarcity most social ends have an economic or means-aspect.

This fundamental relationship implies a number of considerations and distinctions which make up, at least in part, the problem of "economic v/s social" with which we are concerned.

- People might disagree about ends and objectives, about the society they would prefer. They might disagree about the relative importance of various goals, about the sacrifices they are prepared to make for their realization, about the aptitude of any means to bring about agreed upon ends, or about all of these. Disagreements are difficult to handle. We prefer, therefore, sometimes to start with the assumption of universal agreement and see planning as a purely technical activity, the realm of the specialist, the professional.

- Some resources are more and some less amenable to quantification. It is, for instance, easier to treat quantitatively investments expressible in monetary value than the mobilization of the will to work. We are reluctant to regard people as commodities or "capital", and think, therefore, of the production of drugs as of an economic activity but would not so consider the training of physicians. In short, sometimes we designate as "social" the activities directly concerned with people and sometimes simply fields where we encounter difficulties in setting up across-the-board comparable units of measurement².

- The scarcer the resources the more important it seems to increase them. In these situations attention tends to concentrate on capital formation, on expanding the total product, so that anything which costs money and is not transformed, visibly and immediately, in further marketable material goods or salable services, comes to be regarded as somehow secondary, "residual" or "social". "Profitability" becomes an ultimate criterion in its own right, parallel to "need". At the same time diseconomies on the spending side - which are exactly as important - escape attention.

²"The term "social" is sometimes used in planning and programming with reference to objectives /direct protection of the conditions of living of the population at large or of disadvantaged or vulnerable groups/; at other times it is used with reference to methods / school education, health services, social work, community development etc." Methods of Determining Social Allocations / UN Publication E/CN.5/387-1965 p. 5/.

Cf. also Rafael Kafisov: Concepts of Social Planning: Social Planning and Economic Planning, Similarities and Differences, in The Problems and Methods of Social Planning / UN Publication SOA/ESWP/EG/Rep 4-1963, p.21 ff./

- Improvements in health and education, for instance, are, practically ultimate values. Their translation into increased earning power or productivity is certainly an interesting side-issue. To look upon them, however, exclusively from this point of view is a rather surprising consequence of the "economic fascination", one of the conditions of the epoch.

Planning practice and theory are concerned with the optimum realization of human ends. They have to start, simultaneously, from the objectives chosen and from the resources available. Planning, therefore, includes ends as well as means, it is social and at the same time economic³, it is a political as well as a technical activity all the way.

Planning is an essentially new form of human behavior. The gaps in theoretical knowledge and practical skills in planning are considerable. As in other fields, progress seems to come from concentrating on the gaps, directing efforts towards the points of least knowledge. Some of these are, in my opinion, particularly in relation to the problem of social planning:

1. What is the role of existing interest situations of individuals and groups and how do these situations influence the possibility of social improvement?
2. What technical procedures might increase the chance that the expenditure of resources should bring optimum returns in terms of social objectives?
3. What is the interrelationship between certain social structures and conditions on the one hand and the chance to realize given social objectives, including the expansion of resources, on the other?
4. What are the probable future development trends of interests and techniques and what are the possible consequences of this development for planning?

³"In other words, the economic criterion is nothing but a pattern of behavior which may be adopted under different conditions..." Goffredo Zappa: Concepts of Social Planning: Social Planning and Economic Planning - Similarities and Differences, in The Problems and Methods of Social Planning / cit. UN Publication, p.36/

II Needs and Interests:

A frequent approach to planning, especially social planning, is through the assesment of needs. But equally frequent is the evidence of difficulties when trying to define the concept of "social needs". We read, for instance: Social needs...are - by definition - needs that are not adqutely met by the market process /or by home production/". And on the same page of the same text: "While the literature often speaks simply of meeting 'needs', as the basis of social policy, that formulation from a psychological point of view is ambiguous since individuals may experience acute needs for objects /jewelry, sport cars/ that are quite outside the scope of public concern. The expression "social needs" is used here to refer to needs related to the basic components of the level of living and judged to be a matter of national and international concern"⁴. The two definitions do not cover the same range of phenomena. Or "...social need has to be seen as a somewhat relative concept. It may perhaps be defined in a negative sense, i.e. as a lack of social well-being of people, groups and communities, who do not get any real satisfaction of their need for a wholesome life to be conducted of course along socially approved lines'. After pointing out that "it is not easy to asses the standard of well-being in a community", and that it is "much more difficult to get to grips with immaterial social needs", the author concludes that "social needs"are "elusive and relative social facts."⁵

⁴Methods of Determiningg Social Allocations /cit. UN Publication, p. 43/

⁵Willem A. C. Zwanikken: Measuring Social Needs, in the Problems and Methods of Social Planning /cit. UN Publication, p. 38 ff./

These difficulties seem rather surprising in view of the considerable literature devoted to the concept of "need" in economics, psychology, sociology, even in philosophy / let us think, for instance, of Hegel's "system of needs"/. The trouble with "social needs" can be reduced, in my opinion, to the following points:

- a/ Needs are not conceptually problematical as long as they are understood as subjective, sometimes called "wants"⁶ or, not without ambiguity, "felt needs"⁷. The problems are practical: how to find out what the subjective needs are, what to do about them if they appear unreasonable, untimely or in any way deviating from the standards led down by the beholder. The difficulties begin when we start to speak of objective or "real" needs. The fundamental question is: who sets the standards, who says what are the objective needs of any individual or group?
- b/ As long as they are subjective, needs are individual. They can be experienced only through the individual consciousness. What is the meaning of "group needs", or of the "extensivity of need"?⁸
- c/ As long as they are subjective, needs are attached to the person and, therefore, essentially incomparable. Their size, or "intensity"⁹, cannot be rated on a general scale. The phenomenon of differential elasticity of needs - pointed out by Engel and others - relates to their motivational imprevisibility. Classifications of needs have to be made with the explicit reservation that they do not imply prognoses about the motivational effect¹⁰. At each step

⁶ Report on the European Seminar on the Problems and Methods of Social Planning /UN Publication SOA/ESWP/1964/3 - Geneva, 1965, p. 22/23/

⁷ Zwanniken, op. cit. p. 40ff.

⁸ Methods of Determining Social Allocations /cit. UN Publication, p.43/

⁹ loco cit.

¹⁰ Paul-Henry Chombart de Lauwe and Marie-Jose Chombart de Lauwe: Changing Needs and the Dynamic Concept of the Family, in social Policy in Relation to Changing family Needs/ UN Publication SOA/ESWP/1961/3-Geneva, 1962, pp. 45 ff./

motivational inconsistencies are noted, such as the tendency to purchase "non-essentials"¹¹ or the phenomenon that supply creates demand.¹²

d/ Needs of individuals and of groups are not necessarily compatible. The assumption of harmony, implicit in concepts such as Benthamian utility and much of the current welfare thinking, conceals a vital dimension of the ends-means complex.

As they are a matter of definition, these difficulties are certainly not irreparable. The basic concept requires careful determination, so that it retains the present scope of "need" and adds the objective and conflictual aspect. Terminologically, we might keep "need" and give it this wider connotation. I am suggesting another term simply in order not to get involved with the acquired meanings and overtones of the word "need".

This term is "interest". I define objective interest as a situation of the world - independent of anybody's consciousness - which tends to maximize a socially accepted value in relation to an individual or a group of individuals. While subjective interest is understood as a state of the mind, consisting in the belief that a real-world situation exists which tends to maximize an individual value of the subject. Subjective interest would coincide with the notion of "want" or "felt need". The criterion of objective interest is the currently dominant scale of values in a given community, a notion to which we shall return presently.

Group interests are defined by the number of individuals who find themselves in the same objective interest situation or share the same subjective

¹¹Ellen Winston: The Contribution of Social Welfare to Economic Growth / 93rd Annual Forum, National Conference on Social Welfare, USA, 1966, p. 8/

¹²Planning of Social Development in Yugoslavia, in The Problems and Methods of Social Planning, 1963 /cit. UN Publication, p. 100/.

interest belief. The importance or size of an interest can be determined objectively by the place of the respective value on the social scale of values together with the distance between the actual situation and the socially accepted standard, and subjectively by a given level of correlation among answers by a plurality of respondents.

Conflict of interest is defined, objectively, as a real-world situation where an interest cannot be realized or protected without prejudice to another, and subjectively as a belief that an objective interest-conflict exists.

The decisive concept of this system, the social scale of values, can presumably be found by content-analyzing relevant public utterances in a given community. I submit that there is to-day increasing convergence, internationally, in the social scale of values, that a general objective, such as "maximizing human well-being"¹³, is gaining internationally comparable operational significance. As an illustration, the following list of items, taken from UN publications and similar sources, is suggested / not implying that the various general fields or the examples within each field are ordered by importance/:

General living standards

- Steady and stable improvement of living standards as measured by real family incomes,
- Stable decrease of the number of families whose income falls under the current "poverty line";

Security

- Achieving increasing stability of main economic indicators concerning standards of living,

¹³Jan Tinbergen: Social Aspects of Economic Planning, in Social Progress Through Social Planning - The Role of Social Work Proceedings of the XIIth International Conference of Social Work, Athens, 1964, p. 63/

- Achieving full employment,
- Achieving general security in relation to the common risks of existence, such as losses through disease, accident, loss of family-bread-winner, old age, etc.
- Steady and stable increase in the quality of services given in cases of social emergency, such as disaster, breakdown of families and individuals, etc.
- Stable improvement in the climate of international relations and the achievement of peace.

Liberty and Equality

- Increased protection against arbitrary infringements of the individual sphere and of human rights by any individual, organization or power,
- Increased opportunities for active participation of people in the affairs of the community,
- Steady improvement in equality of condition and in the universal sharing by members of a community of its resources and benefits.

Health

- Steady improvement in life expectation,
- Progressive reduction on infant mortality,
- Stable improvement in nutrition / as measured by calories consumed per day, animal protein and poor protein food per day etc./,
- Decrease and eventual eradication of preventable disease,
- Steady and stable improvement in health standards,
- Improvement of health facilities, as measured by physicians per 1000 population, maternity beds per 100 births, hospital beds per 1000 population etc.

Education

- Stable reduction of illiteracy,
- Stable improvement of educational and cultural standards,

- Improving school attendance,
- Increasing percentage of corresponding age group in higher education
- Improving vocational training
- Improvement of educational facilities, as measured by number of places in classrooms, in training workshops, in boarding schools and students' hostels etc.

Condition of work

- Progressive improvement of the conditions of work,
- Steady and constant reduction of the number of accidents at work;

Housing

- Steady reduction of overcrowding
- Stable improvement in housing conditions, as measured by percentage of population living in dwellings, average number of persons per room, percentage of dwelling with piped water and with toilets etc.
- Stable reduction of rent and of the costs of building;

Social Welfare

- Reduction and prevention of neglect and destitution among children,
- Steady and stable reduction of criminality and delinquency,
- Improving care for the aged,
- Improved care for the handicapped and other vulnerable groups, as measured by the number of places in creches, kindergardens, homes and institutions etc.

The general acceptability, and actual wide acceptance, of such a list is, however, deceptive. The social scale of values is an instrument of measurement, not a declaration of harmony. Given scarce resources, it does happen in actual experience that the things postulated by the social list of values are not

achieved equally by all.¹⁴ The age-old question "who gets what, when and how" is answered in the contemporary world, roughly in three main ways: by self-regulating mechanisms such as the market, by conscious intervention such as the market, by conscious intervention such as a central plan, or by any combination of the first two methods.

Historically, initial extreme solutions have manifested serious shortcomings. The market mechanism is open to all kinds of artificial obstructions, creating favored positions for a minority of actors. It sometimes tends towards the concentration of consumption, but under different circumstances, especially in the transition from "Agraria" to "Industria", it inhibits the process of concentrating productive forces¹⁵. In developed countries it is usually the values of social justice and social security that motivate movements towards

¹⁴"This inexplicitness of economic "welfarism" is liable also the encourage another weakness to which democratic governments are inevitably prone. This is a reluctance to face the fact of conflicting interests, and the temptation to fend off awkward political choices and decisions by trying to get experts to produce "objective" answers." T. W. Hutchinson: "Positive Economics and Policy Objectives" / George Allen and Unwin, London, 1964, p.167/

¹⁵The negative influence of the market on the human personality is often described as alienation, in the technical, legal, social or political sense. But it seems that certain phenomena such as that "the performance of working activities, as far as their pace and content are concerned, becomes increasingly independent of the worker's personal characteristics..." stem from the traditional structure of industrial organizations and are independent of the market. On the other hand, it is certainly true that "The most different needs and requirements of the individuals can only be satisfied by the system when they can be expressed in terms of effective economic demand", which means that no needs can be satisfied in the market for which the subjects cannot pay. /G. Zappa, op. cit. p. 32 /

the limitation of the market¹⁶, in developing countries the argument is more often its impracticability or inefficiency from the point of view of sustained accelerated growth. Though voices that "development should not be for a minority only, are not infrequent¹⁷.

Conscious intervention, as a rule by the State, can correct the shortcomings of the market but its extreme forms tend to develop defects of their own. Often accumulation or saving is overstressed in relation to consumption, economic and social initiative is inhibited, and there is a tendency toward bureaucratic overconcentration of political power.

In an attempt to avoid the defects of extreme solutions an increasing number of measures is being introduced and developed. All these measures, from income tax to workers' selfmanagement, are calculated to correct the socially unacceptable consequences of a "free play of forces" and, at the same time, to restrain as little as possible the activities and the initiative of individuals and groups. A coherent system of such measures certainly implies planning in the technical sense. On the other hand it also implies politics, understood as the social behavior related to conflicts of interests.

In an attempt to adjust potential conflicts of interests these measures aim at redistributing existing chances of interest satisfaction. The redistribution works:

¹⁶Cf. Elizabeth Liefmann-Keil: Oekonomische Theorie der Sozial-politik / Springer Verlag, Berlin-Göttingen-Heidelberg, 1961/ p. 2 and p. 13 where the author argues that justice cannot be defined once for all but that it is concerned with equality of treatment.

¹⁷Methods of Social Allocations / cit. UN Publication p. 9/

- between different groups of the population,¹⁸
- between different types of expenditure,
- between units of time,
- between units of geographic space.¹⁹

The instruments of redistribution are measures of:²⁰

financial policy, such as direct and indirect taxation, contributions, social security and other benefits, the manner or appropriating public funds, special levies and appropriations etc.

economic policy, such as minimum wages legislation, price support, indemnities and export premiums, sliding scale arrangements, price maximization, minimum inventory regulation etc.

social policy, /in the restrictive sense/ such as maximum hours, protection of vulnerable groups in employment, social welfare services, reductions and privileges for certain groups on public facilities etc.

The smaller the total national income to be redistributed, the less the importance of measures of redistribution. Real progress in the satisfaction of all interests existing in a community can be obtained by increasing the outlay for publicly managed services accessible to all. In this context it is important to know, if the resources allocated to the financing of these services are used to the best advantage, and if the outlay as such is likely to help or to retard general improvement and the growth of capabilities.

¹⁸Of particular importance in this context are the categories of "private" and "public" consumption of "individual" and "social" allocations. By transferring a portion of the real income of the population from their individual money-income to social outlays it is possible to influence the composition of family budgets in a direction thought more consonant with their objective interests. But besides reducing the "non-essential" items in family budgets and channelling expenditure towards more essential goals, social outlays can be used in a number of socially disfunctional ways, as for bureaucratic ostentation, and particularly in the pernicious cause of war and armaments.

¹⁹Cf. Liefmann-Keil, op.cit. p. 19

²⁰Cf. E. Liefmann-Keil, op.cit. pp. 94-95, and Methods of Determining Social Allocations, cit. UN Publication, pp. 33-35.

But in turning to these questions we should keep in mind that they are meaningful only in the framework of the solution, or rather of the continuous solving, adopted for the constantly arising conflicts of interest.

This is not an effort to add another step to the cycle already existing in planning. The intention is rather to indicate the belief that our present planning techniques are, essentially, only the elaboration of very simple but, least practices traditionally - from the individual peasant household to military strategy - in all known cultures. In planning we have, apparently, still a pre-Newtonian era,

²¹ Definitions of planning usually list various steps, in logical or chronological order. These steps are inevitably to be related either to the heading of what is to be achieved, or to the order "by what means". It is of course, not rather marginal forms of planning, social policy planning and development planning.

The following steps can be distinguished in the planning of social policy:

1. determination of the future development of population;
2. estimation of the future development of national income;
3. selection of the future part of the social policy schemes and their operation;
4. decisions with regard to the size of the share of social income transfer to national income;
5. estimation of the share of national income available for new social security needs, social distribution purposes.

From: Social Policy for the Future - a plan for Poland - Kowalski, 1957, p. 104.

- a) as a summary step, development planning can be said to imply:
 - 1) analyzing the economy, its relations with capital, labour, material resources, institutions;
 - 2) identifying structural difficulties, bottlenecks etc;
 - 3) setting objectives - targets for the entire economy and per sector;
 - 4) determining policy instruments, including a development strategy to achieve these targets, and
 - 5) setting up the machinery for the execution of the plan.

Methods of Determining Social Allocation - etc. Dr. J. Kowalski, 1957, p. 104.

III Objectives and Resources

Planning is, technically, a procedure to achieve the optimal relationship between objectives and resources, including the results of future activity.²¹

This is not an effort to add another sample to the myriad already existing definitions of planning. The intention is rather to indicate the belief that our present planning techniques are, essentially, only the elaboration of very simple basic ideas practiced traditionally - from the individual peasant household to military strategy - in all known cultures. In planning we live, apparently, still a pre-Newtonian era,

²¹Definitions of planning usually list various steps, in logical or chronological order. These steps can invariably be related either to the heading of what is to be achieved, or to the other "by what means". As an example, two rather marginal forms of planning, social policy planning and development planning:

The following steps can be distinguished in the planning of social policy:

1. estimation of the future development of population;
2. estimation of the future development of national income;
3. estimation of the future cost of the social policy schemes now in operation;
4. decisions with regard to the size of the share of social income transfers in national income;
5. allocation of the share of national income available for new social security schemes among different purposes.

Pekka Kuusi: Social Policy for the Sixties - A Plan for Finland - Kuopio, 1964, p. 104.

"In a summary way, development planning can be said to imply:

- a/ analyzing the economy, its endowment with capital, labour, national resources, institutions;
- b/ identifying structural difficulties, bottlenecks etc.
- c/ setting objectives or targets for the entire economy and per sector;
- d/ determining policy instruments, including a development strategy to achieve these targets; and
- e/ setting up the machinery for the execution of the plan.

/Methods of Determining Social Allocations - cit. UN Publication, p. 16/

though, if I read the signs correctly, at its outer edge.²²

The present moment in the development of planning techniques is characterized by a convergent movement: from the general to the specific and in the opposite direction, from the detailed to the inclusive.

Methods developed from the planning of social macro-relationships and those that started from micro-planning of single projects move towards a middle ground where the two levels meet and complement each other.²³

This convergence is due to negative experiences with the application of

²²The methodological elaborations and refinements of the basically elementary effort at adjustment have not reached the same level everywhere. Sometimes we are even cautioned not to move too far too fast in the direction of sophistication, especially in view of the time factor, the pressing need for action: "...rough assessment may be the most sensible policy in many circumstances" /Methods of Determining Social Allocations - cit. UN Publication p. 44/

²³The same idea is often found in texts on planning. In my opinion, it coincides, for instance, with Tinbergen's distinction of two main planning methods: the complementarity method and the project appraisal method, though he speaks of macro- and of micro-complementary. This seems to me already the results of the convergence mentioned. /Cf. Jan Tinbergen, op. cit. 65-67/ I understand in the same sense Warren's classification of planning methods in abstract and rational on the one hand and concrete and social on the other, though this distinction appears contaminating with a generalized value judgement. /Cf. Roland L. Warren: Two Models of Social Planning / Brandeis University - preliminary draft/

This is meant, as well, by the distinction between "global and specific" analyses of utility /Planning of Social Development in Yugoslavia, cit. UN Publication, p. 113/.

It is a problem in itself, how far given objective conditions can play a role in making one or the other method appear initially more useful. The notion of social and economic density is an attempt to explain differential attitudes in this respect /Cf. by the present author: The Interdependence Between Social and Economic Planning, with Special Reference to Yugoslavia, in J. Ponsioen et al. "Social Welfare Policy - Contributions to Theory, Mouton et Co. 's-Gravenhage, 1962/

either method to the exclusion of the other. In macro-planning mistakes in details tend to aggregate, and not to cancel each other out, to the point of vitiating the global prognosis. Micro-planning alone is blind as to the general direction of development and events at more general levels can deflect the purpose of the individual project.

1

Objectives are in practice often less problematical than they appear in theory or when speaking about them generally.

Basic objectives in a community are implicit in its socio-economic structure and in existing conditions. Rarely if ever is a conscious decision taken about them. In a country, for instance, where a firmly entrenched class of big land-owners maintains itself at the top of the social pyramid, a plan starting from the assumption of a radical land-reform may have a very great significance as a political manifesto but hardly as a technical instrument.

This conclusion hold equally for objectives whose returns are more immediate and easier to measure, usually called "economic", as well as for those where the results take time to become manifest or where only costs can be measured in obvious money units. The emphasis on immediate consumption, as compared with postponement of satisfaction in order to save and invest, can be brought about, at various levels of development, by pressures too strong to be ignored. Such situations can obtain at low levels when the hungry masses, or the "hungry" new and aggressive ruling classes, are too impatient and all surplus is channelled

into consumption, plan or no plan, by fair means or not-so fair. It can happen at medium levels when dysfunctional consequences of over-investment and over-concentration have produced strong strains and begun to defeat the fundamental social purposes of development. Finally, when the total product has grown sufficiently and the momentum of necessary productive investment can be maintained without special conscious effort and restrictions on other sectors more long-term interest-preferences can assert themselves.²⁴

At other times priority is given to the expansion of resources, usually termed "economic". The reason may be the, correct, assumption that projects must be backed by capabilities if they are to be realistic,

²⁴The dependence of planning on the time dimension, i.e. on levels of development, and on the fundamental facts of structure and conditions in a community is now all but universally recognized: The point is made for "social planning" by Dankowski /op. cit. p. 63/: "It is now beyond dispute that the general tenor and scale of social programmes and measures to create the right conditions for their implementation differ from country to country, depending on the degree of economic and social development and existing socio-economic and political conditions."

At the same time it is often pointed out that "social plans" tend to be geared to longer time-spans than "economic plans"/Cf. Dankowski loc. cit. or "Administrative Aspects of Social Planning", UN Publication No. 64-40342, Paris, 1964/p. 5/. The impression of longer duration is created, in my opinion, chiefly by the uncertainty as to measuring results. I am confirmed in this opinion especially by the theoreticians of "unbalanced growth" /Cf. Albert O. Hirschman: The Strategy of Economic Development, New Haven, 1958/. As soon as the automatic relationship between investment in "social overhead capital" - which includes transportation and power - and direct production is not assumed, the investment in an electric power system, a system of roads and railways or an irrigation system is just as "long-term" as the establishment of a school of languages or a physical research institute.

or the, incorrect, assumption that economic expansion with concomitant industrialization and urbanization are unmitigated blessings. In fact, development can be started, as it seems, at any point. Present evidence does not exclude any assumptions in this respect. The selfless efforts of the partisans of educational enlightenment and general social betterment in Europe and particularly in Eastern Europe during the 19th and the beginning decades of the 20th centuries are not an overly encouraging example. Their campaigns to spread literacy, hygiene and cultural activities were unable to achieve a fundamental change in the way of life of the poor peasant masses. Their emphasis on the social and moral values of this life did not change appreciably the social position of these classes nor their status in the socio-economic pyramid. Critics of the "enlightenment" approach like to point to the spectacular achievements of "primarily economic" development in, for instance, Japan, the USSR or the USA. The obvious retort to this is to ask the philosophical question of who is really better off and the not so philosophical one about the social costs of explosive industrialization. The real argument, however, seems to turn around the true character of accelerated growth. Is it possible at all without an initial social breakthrough, a traumatic experience of expanding geographic or social boundaries which mobilizes masses of people to extraordinary efforts and sacrifices. The fact is that the "social" and the "economic" aspect of development cannot be separated even for purposes of analysis.

Often also objectives seem obvious because they are legitimated by the socially accepted scale of values - as can be judged from the

example of such a scale given above. The question is more often how and how quickly they can be realized than if they should be striven after.²⁵ The decision among them can be political in the true sense of being the outcome of an interest-position or -adjustment but sometimes it is "political" in the sense only of being based on impressions which cannot be too well substantiated.²⁶

In time, however, a number of refinements were worked into the technical assessment of planning objectives, in response to new problems appearing in practice.

²⁵"However, I believe, in the reality of most countries alternative choices are relatively limited and the choice is more related to the relative pace with which to move in a direction determined by political, economic, and social conditions than to the alternative directions in which to move." Gerhard Colm: "Certain Aspects of Planning as a Tool for Social and Economic Development" / UN Publication No. M-7849, 4/13/64, Paris, 1964, p. 18/

²⁶This, of course, is again true irrespective of the character of the values and the character of the project in question. Even if it might be conceded that "social allocations are less easily derived from technical data and formulas than are economic allocations" /Methods of Determining Social Allocations, p. 37/, it does not follow that they "involve a larger number of non-technical value decisions"/ibid./, as the text quoted seems to imply. A conclusion from facts to values is logically inadmissible. If our technical data are poor our judgement will be unsupported but it will remain a judgement of fact and will not, for that reason, become a judgement of value. Value judgements are made, explicitly or implicitly, in any decision, and the more general the level the larger the value element tends to be. In this respect the fundamental decisions about investment, industrialization, emphasis on heavy industry, imports and exports are not only more value-laden but certainly also more possibly controversial than decisions related directly to the realization of accepted social interests, such as to extend free health services ect

a/ The problem of information became increasingly important with the realization that objectives acquire concrete significance in planning only in comparison with the actual situation. Data to judge this situation will, by definition, be never sufficient for the planner. Apart, however, from this psychological propensity the lack of essential data often bedevils precisely those countries where a country-wide planned co-ordination of efforts towards development would be most necessary and where it is, in fact, most widely accepted as a modus operandi.²⁷

b/ The translation of objectives into concrete targets, which are derived from the comparison of the actual situation with established standards and norms, represents a further step in methodology of planning. The problem is in establishing a valid empirical relationship between objectives and targets, and a further problem to keep the standards and norms within existing possibilities and at the same time elastic enough that they can be revised upward as capabilities improve.²⁸

²⁷Cf. Preliminary Report on Targets of Social Development /UN Publication No. E/CN. 5/394-1965/ p. 19 ff. In most less-developed economies, viz. pre-entrepreneurial "competitive /but with significant discontinuities in pricing/, or "project-planning", and in all socialist economies, the information problem is of capital importance because of the price inadequacy already described, and the need to amass data on individual projects./ Michel C.Kaser: "The Analysis of Costs and Benefits of Social Programmes" - The Problems and Methods of Social Planning - cit. UN Publication, p. 52/ Cf. also Planning Social Development in Yugoslavia /op. cit. p. 111./

²⁸Much damage to development can be brought about by social standards set so impossibly high that nothing is done to achieve them. This does not mean that people in poorer countries, in any absolute sense, need fewer doctors, schools, housing facilities, etc. than do people in the richer countries. /In fact, they may need more doctors because they have more sickness./ It means only that, for the practical purpose of developing programming and policy, social standards of adequacy, and related planning targets, must be formulated in manageable terms" /Methods of Determining Social Allocation, p. 47/

c/ The problem of comparability of situations and aims arises when attention is turned from one country or region to the larger national or international scene. A level of realization of a given objective established by inter-regional or inter-national comparison represents a certain guarantee of the realism of the adopted standard. On the other hand, it can be objected that what is compared in these comparisons is not comparable at all. For instance, the same percentage of national income spent on education does not mean the same thing, obviously, in a rich country and in a poor one where the total income is smaller and the educational needs greater. Also, the fact that the international average of expenditure for preventive health services has attained a given, low, level should not be decisive for a country where the eradication of malaria is the first condition for a take-off to anywhere.

Comparing objectives internationally is even described as a separate method of planning in its own right.²⁹

d/ The problem of priorities is inherent in choice among value-objectives and even more among instrumental targets leading, supposedly,

Experience seems to point to the conclusion that targets should be fairly clear-cut in relation to objectives. To try to hit too many flies with one stroke usually leads to missing them all. "In so far as social programmes are seriously guided by economic considerations, they may not be able to realize simultaneously the ideals of social justice.... At the same time, particular economic projects that are directed towards immediate social objectives can - and sometimes do - fail for the same reason" /Methods of Determining Social Allocations, p. 11/

²⁹Cf. Donald V. McGranahan: Problems of Target-Setting in Planning for the Needs of Children, in Planning for the Needs of Children in Developing Countries - UNICEF, 1964, p. 178/

to the same objective. It became pressing and increasingly significant at the same time when indirect relationships between objectives and targets came to be better understood. The charting of second - and higher order influences of activities aimed at one objective made it possible not only to appreciate more fully what one was about to do but also to choose among alternative starting points on the strength of the comparable side-effects.

From the initial crude alternative between "economic" and "social", planning techniques are moving increasingly towards the appreciation of secondary and further removed consequences of any course of action on any set of objectives. There is better knowledge of the stresses created by over-investment or by inflation due to over-strained programmes of expansion, and of the positive influences of security on the productivity of labor.³⁰ Anyway, when priorities are once established the initial haziness about objectives corresponding to needs or ultimate

³⁰"The first and weightiest argument is that social policy is capable of mobilizing new human resources for the purposes of production... Second, social policy tends to stabilize economic activity... Since it tends to increase and stabilize consumption, social policy also contributes to stimulating the replacement and expansion of productive machinery... Social policy generally tends to increase consumption, and appears to be one of the contributing factors in the gradual extension of the sphere of public investment." /P. Kuusi, op. cit. pp. 86-89/. On the other hand social outlay may have negative consequences for the economy as well. On the whole: "Social policy is capable of mobilizing human resources and making for stabilized consumption; but at the same time, the propensity to save may slightly decline and the value of money fall to some extent". /ibid. p. 90/.

There is nearly general agreement that increase in real personal consumption raises the productivity of labor. On the other hand increased productivity is the prime condition for the realization of the accepted interests of a community.

Any activity, productive or otherwise, has fundamental requirements as to the quantity and quality of people who are to undertake it. "Various measures planned in the course of development are sometimes interrelated in the sense that the feasibility of one is a condition for the success of another." /Eugen Pusić: Reappraisal of the United Nations Social Service Programme - UN Publication No. E/CN.5/AC.12/L. 3/Add.1 - New York, 1965/

Instead of one category of items to be compared, various objectives, there are two classes pertaining to resources: the outlays and the profits from any given commitment, or the costs and benefits.³⁶ That means that the comparison is, first, between costs and benefits for any given alternative, and then among various alternatives, and after that possibly along other dimensions as well.³⁷ On the other hand, the comparisons are much less conjectural than with, often largely putative, objectives. In order even to begin to compare, the various magnitudes must be substantially present. The main trend of effort in order to achieve and facilitate comparability is in the direction of standardization. The standards are expressed in absolute numbers, calculated on an average or for an "ideal type", or in the form of percentages, especially in the apportionment among various classes of typical expenditure for each project.³⁸

³⁶ "By benefits and costs in the widest sense we mean the positive and negative contributions to general welfare along all channels; this presupposes a valuation system for the various influences exerted". Tinbergen /op. cit. pp 65-66/

³⁷ "All /activities/ should be at a level which maximizes the nation's welfare over a time period. This means that the net marginal utilities they bring about must be equalized between time units and between these activities. Another consequence is that, for instance, the level should be such that marginal benefit and marginal costs are equal". Tinbergen /op. cit. pp. 64-65/.

³⁸ Dankowski states for Poland: "Statistical analysis of the cost of social programmes has shown that, of the total amount expended in the period 1955-60, outlays for peronnel fluctuated between 48.0 per cent and 44.8 per cent, running material expenditure between 35.2 per cent and 37.9 per cent, and other items such as capital repairs, sholarships and various grants between 17.3 per cent and 16.8 per cent. These figures do not, of course, represent any hard and fast principle; but they may be taken as a rough guide for other countries in situations similar to that of the Polish People's Republic." op. cit. p. 71/

As a rule it is easier to define costs than benefits. This leads to the fallacy of disregarding all benefits but those that are readily expressible in comparable units, usually money, and to the further misapprehension of speaking of projects where benefits are not comparable in these terms as "unprofitable".³⁹

c/ The problem of measurement is closely associated with comparability and is usually treated together with it. The progress achieved in this field comes from the insight that measuring is not restricted to prima facie quantitative magnitudes. The concerted judgement of impartial arbitrators or judges can give results which are for all practical purposes equivalent to measures / in figure skating or high board diving, for instance/. This method has the additional advantage of making it possible to aggregate measures on quite different

³⁹Speaking about the definition of benefits, Kaser compares them along two dimensions of which he calls the first "the perspective of the beneficiary" and distinguishes three forms "in which the benefit is seen by the decision-maker": "1. Real empirical social benefits", "2. Benefits assumed by policy makers", and "3. Real empirical private benefits". The second dimension is "the time of consumption of the benefit" where investment and consumption are understood as different points on the same continuous time-scale. /op. cit. pp. 54-56/.

Authors understanding benefits in the unjustifiably narrow terms of monetary profitability often speak, in a general way, of the "unprofitability of social projects". This seems mistaken in at least two ways. Disregarding non-monetary benefits in a project which has, also, returns that are readily measurable in money distorts the situation in the same way as considering only "feasibility" and "economicalness" in projects where the monetary measure cannot be used at all. To consider only the returns on capital investments in a factory and not the effects on the social structure, the change in patterns of occupation, the increased mobility etc. is the same as speaking of a school, a museum, or a research institute as "pure outlay" without any profit. And then, comparability is not the result of the existence of a criterion but of its correct application. In this respect no project is proof against faculty judgement. A steel-mill without appropriate market for its products is in no way better off than a school training people for unwanted jobs.

40 scales. Mathematical set theory has provided a powerful tool for extending the range of measurement.

Here again it is almost traditional to equate the "social" with the immeasurable. And the same answer that was given in the case of comparability goes here. To measure only what can be measured readily and to declare everything else, explicitly or implicitly, as non-existent because there is no measure that meets the eye seems not much better than not measuring at all but going by impressions. Anyway, what can be measured and what cannot is a question of fact and no general pronouncements will get us anywhere in this context. As the range of measurement gets wider, the truculent assertion that "not everything can be measured" reminds of R. H. Tawney's dictum: "It is like using the impossibility of absolute cleanliness as a pretext for rolling in a manure

40 "That is, the measuring instrument must be the human individual, who is quite capable of comparing items and values that are technically non-comparable and reaching choices and decisions. This is done constantly in every-day life; it is a familiar aspect of public administration, as in recruitment to the civil service where such disparate variable as intelligence, experience and character are taken into account in reaching a decision on appointment at a given salary level. It is essential that such judgement in the planning field be a/ informed, and b/ disinterested." Mc. Granahan/op. cit. p. 182/.

It is quite customary to see comparisons of costs and benefits such as the following: "In 1961, the national income amounted to 53 thousand zlotys per employed person. If we compare this figure with the cost of training fully-trained workers from certain types of training establishment - including the cost of training in the secondary school for fully trained workers from higher educational institutions - it appears that once they start work, fully trained workers repay in the form of national income produced, the funds extended on their education. Those trained at vocational training schools repay the sum in five months, at secondary training schools in ten months, and at higher educational establishments in something over two years". Dankowski /op. cit. p. 73/.

This type of measurement seems to me mistaken not only because it operates with largely meaningless averages, which is usually conceded, but also because it conceals possible incongruities in the training-pattern / training too many of one type and not enough of another /, because it inhibits the assessment of the quality of training, because it sidesteps the issue of the total social and individual benefits from training, and finally, because it implies the dangerous principle that the individual getting training is because of that in some way indebted to an abstract entity, the community.

heap."⁴¹

d/ At the limits of present development in planning techniques is the problem of probability. Assessing the probabilities of various outcomes has first been used, as far as I know, in military operations research but it is spreading to other fields of planning as well.⁴²

The uncertainty and lack of control in planning operations makes for rigidity. The less we can foresee the more we must stick to rules - in order to "absorb uncertainty" - and, paradoxically, the less we are free to adapt to the unforeseen.⁴³

⁴¹Quoted after Hutchinson/ op. cit. p. 192/

⁴²"The planner or decision-maker cannot act rationally unless he has prognoses on the development to be expected in his line of planning" /European Seminar on Problems and Methods of Social Planning, cit. UN Publication p. 8/

"The use of projections is an indispensable aspect of any of these methods /of determining social allocations/, particularly when allocations are made in the context of planning". Methods of Determining Social Allocations, p. 41.

⁴³"Eckstein points out that lack of control leads to several different types of adaptive behavior by the planners: 1. The use of routine and stereotyped rules, 2. Oversimplification, 3. Rigidity and inertia, 4. Political, rather than rational decision-making, and 5. Centralization of administration. He points out that these adaptive behaviors either involve decreasing the area of rational decision-making or resorting to non-rational modes of behavior". R. Warren /op. cit. p. 12/ referring to Eckstein's analysis of the British Health Service.

IV Perspectives

Since man's memory methods of co-operation underwent several radical transformations and modes of behavior in situations of conflict changed in an equally fundamental way. Two main perspectives on this development seem relevant. One is the phylogenetic view on the development of the human species generally, and the other the "polito-genetic" outlook on the emerging individual community. As in biological philogenesis and ontogenesis, the second, is, up to an extent, the repetition of the first, and the present, therefore, a sample of cross-sections of the past. It might stimulate a discussion to take a short look first on the one and then on the other.

1

Man's associations started on a personal basis: the family, the horde, the clan, the tribe. The decisive social fact was always the belonging of the individual to the group, the main bond loyalty to the group, and its principal way of functioning as a group was face-to-face contact of its members. The opposition among groups was natural and an authority who could arbitrate conflicts among them did not exist.

Fundamental changes in the technological conditions of man's life called, later, for new social institutions. As land became the decisive source of livelihood, the principal means of production, the basis of social structure became the territory, a clearly limited complex of land, over which a group claimed exclusive authority, a relationship that later became known as sovereignty. The group itself became more and more identified with the territory, the former

personal bonds lost gradually their importance.⁴⁴ Territorial limits by themselves, however, were not enough to ensure the necessary cohesion of the community. Political power, i.e. a legalized monopoly of coercion, of physical violence in a given territory, was the new social institution that provided the binding material for the group of comparative strangers included under the same territorial sovereignty.

At the same time, face-to-face contact, as a technical means of co-operation, became too small in scope and insufficiently adaptable for the expanding tasks of the larger territorial community. It was replaced by the organization which, combining the systematic division of labor with the equally methodical construction of a network for co-ordinating continuously people in action, is one of man's most remarkable inventions. In the territorial and organizational society, however - which we have, through one-sided experience, come to identify with society as such - territorial groups though larger and more inclusive, continued to be opposed to each other and to refuse to recognize a binding verdict in their conflicts other than superior physical force. Political power, in that way, came to be the fulcrum around which, in territorial society, turned the possibility of internal conflict-resolution by domination of one among the conflicting interests over the others as well as the chance of survival in the jungle-area of inter-State relations.

The social phenomenon of conflict has changed very little through all these times, when one interest cannot be satisfied without prejudice

⁴⁴"There has been a tendency...to break up or re-cast various institutions in which social and economic functions have been closely integrated, under a system of "paternalism" /e.g. the feudal-type agrarian estate, the trading company with a territorial grant, the industrial company town/." Methods for Determining Social Allocations, p. 7.

to another the alternatives are: to dominate all opposing interests, to abstain from satisfying the interest in question, or to reach an understanding on the basis of a partial satisfaction of the opposing interests. Improved techniques of social action have hitherto contributed chiefly to enable the continuous and systematic domination of all interests in favor of some, those of the political power holders.

It seems that this situation is today neither acceptable nor any longer really necessary. It is not acceptable because the weapons of conflict have grown so destructive that we cannot afford to pay the price of clashes between territorial powers. At the same time, the economic productive capacities have grown to such a level, where the meeting of basic needs for all people, comes, technologically speaking, within the range of rational discussion. With it the main source of conflicts throughout history, the principal cause of the existence of groups with irreconcilably opposed interests, i.e. the competition for scarce resources, tends to loose ground.

The new fundamental change in the fabric of society, which is under way today, has been inaugurated by the industrial revolution. Land lost its place as the all-important means of production it has been before, and came to be replaced by the functionally oriented organization: the factory, the shop, the institution, the agency, organized around a function, a goal, an objective, logically independent from the land on which it stood. With the demise of land on which it stood. With the demise of land as the principal economic factor territory as well ceases to be the compelling structuring criterion of human society. Other over-all forms of human association than the

territorial community with political power as its common denominator are becoming conceivable.

Organization, however, as well faces a crisis. The increase in specialization causes greater costs of co-ordination, in time and personnel, with the point of diminishing returns clearly in view. Also, the necessary working independence of the specialists becomes more and more difficult to reconcile with hierarchy, the essential principle of organization.

All these developments point to a time where more loosely structured work-groups of equals will have to be integrated into progressively more complex groupings around ever more comprehensive social objectives. In this process technical problems should be solved along with questions of interest, co-operation arranged simultaneously with the adjustment of conflicts. One does not include the other but neither are the two mutually exclusive. They are part of the same, consciously analyzed and over-changing social situation. The structural institutional unit of the new system might be the functional task-oriented work group, its method of operation - planning.

2

Development, however, is not unidimensional. Countries develop, or stagnate, in many ways. Within the general tendencies outlined above, several variables can be identified that might be significant for planning.

a/ The first is the level of rationality. The dichotomy of "organic" and "mechanic" forms of society - from Maine's status and contract and Tönnies' Gemeinschaft und Gesellschaft to Mendeta y Nunez'

mechanization and Parsons' pattern variables - is so often encountered in thinking about society that its corresponding to a quasi-universal social fact is very strongly suggested. More recently the idea of a continuum is more often mentioned, a succession of changing forms of interaction with more emotional and connative elements emphasized during the early stages and more informational and rational factors coming to prevail later. Increasing rationality, and the accompanying "disenchantment of the world" - in Max Wever's words - are, by and large, a function of time. With two important reservations, however. The process proceeds at very unequal speeds, depending on various influences difficult to systematize - for instance, the development of religious ideas, contingencies of local history etc. And second, frequent relapses into an earlier stage of development can be observed, under the influence of intensive social action or otherwise emotionally turbulent social atmosphere.

b/ A second variable, already mentioned and called social density, can be defined as the incidence of organized secondary group activity in relation to total available potential resources.

In situation of low social density, and in order to speed up its increase, measures of direct intervention, centrally directed to strategic points /e.g. power, steel, transportation / will tend to give quicker and larger results. As density increases direct intervention will tend to give way to indirect regulation and centralization of decision-making will probably appear less indispensable.

Here as well variations in speed are frequent and "irregularities" in the sequence of stages often encountered. A very low organizational

density will sometimes make decentralization the only alternative, because more inclusive attempts at control seem unrealistic /e.g. community development/. Also whole systems of social control can come as it were too early and be superseded by another system which, logically, should have come earlier.

c/ A third variable related to the applicable methods of planning might be called transparency, defined as the number of people and the amount of relevant information to which they have access; access meaning availability as well as possibility of understanding.

Effectiveness of participation depends on transparency. Besides, transparency is essential for reducing time- and energy-consuming "false" interest conflicts, stemming from a lack of information as to the actual situation, as well as reducing the uncertainty element in decision-making generally.

The development of transparency is atypical. In the early stages there is great transparency because of the comparative simplicity of relationships. On the other hand, in these stages transparency is often obstructed on purpose by the power holders, in recognition of the fact that privileged access to important information can be a decisive instrument of power. Later, there is perhaps less reason for withholding information, as - and if - power centers become more numerous, "countervailing" and controlled, interest clusters more diffuse, and participation more general. But the number of relevant data and the complexity of situations have at the same time increased so much that actual transparency does not manifest a clear trend in any direction. This remains one of the great socio-technical problems and tasks of our time.

d/ The fourth important variable of development is interest-dispersion, defined as the average number of interests of one individual that are, in principle, of roughly equal motivational significance.

Interest dispersion is increasing as a consequence of the increasing possibility to satisfy basic material needs and as a secondary consequence of greater complexity of relationships and the larger number of situations which are seen as potentially satisfying a proliferating and ever more varied list of needs. The consequence is less polarization of communities into clear-cut and opposed interest groupings, the expansion of intra-personal as compared with situations of interest-divergence, more complex, less fixed, of smaller motivational potential.

In conclusion we might return to the fact of inseparable association between objectives and resources in planning, of what we want to achieve and what means we have to achieve it. This association holds, probably, for all phases of development and is not permanently influenced by the constellation of the variables. Progress in planning seems, therefore, to depend on clarifying our purposes as well as the possible consequences of our actions.