

DEVELOPMENT PLANNING:

from the concepts to the technique



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Abstract:

Planning and development concepts have independently evolved in their meaning until jointly configuring the development planning technique. Now then, by virtue of the fact that concepts make up realities, even institutions, this article proposes that the first step towards the development of a country is the consensus around the definition of such term, as it must be related to the cultural, historical, anthropological and geographic aspects that determine a nation; otherwise it would be unfruitful to design public policies. After a deductive exercise, it was concluded that the consensus on the meaning of development must be followed by the insertion thereof as a public institution in the structure of the State, as economic planning of *development* must be a state matter and not a government matter, which, this way will guarantee the dignification of the human individual and the non-use of the State for the stingy satisfaction of personal interests.

Key words:

Economic planning, development, public institutions, economic growth, human dignity.

La planeación del desarrollo: de los conceptos a la técnica

Resumen

Los conceptos de *planeación y desarrollo* han evolucionado en su significación independientemente hasta configurar de manera conjunta la técnica de la planeación del desarrollo. Ahora bien, en virtud de que los conceptos configuran realidades, incluso instituciones, en el presente artículo se propone que el primer paso hacia el desarrollo de un país es el consenso alrededor de la definición de ese término, pues deberá circunscribirse a los aspectos culturales, históricos, antropológicos y geográficos que determinan una nación, de otra manera sería infructuoso diseñar políticas públicas. Tras un ejercicio deductivo, pudo concluirse que al consenso sobre la significación del desarrollo debe sucederle la inserción de este como institución pública en la estructura del Estado, pues la planeación económica del desarrollo debe ser estatal y no gubernamental, lo que de este modo garantiza la dignificación de la persona humana y la no utilización del Estado para la satisfacción mezquina de intereses personales.

Palabras clave:

Planeación económica, desarrollo, instituciones públicas, crecimiento económico, dignidad humana.

La planification du développement: des concepts à la technique

Résumé

Les concepts de *planification et développement* ont évolué dans leurs significations de façon indépendante jusqu'à former ensemble la technique de planification du développement. Ainsi, en raison du fait que les concepts représentent des réalités, y compris des institutions, selon cet article, la première étape vers le développement d'un pays consiste à parvenir à un consensus sur la définition de ce terme. En effet, il devra se limiter aux aspects culturels, historiques, anthropologiques et géographiques qui déterminent une nation. Autrement, toute politique publique serait vaine. Après un exercice déductif, l'on a pu conclure qu'après l'établissement d'un consensus sur la définition du développement devrait suivre l'inclusion de celui-ci en tant qu'institution publique dans la structure de l'État. En effet, la planification économique du développement doit être étatique et non gouvernementale. La dignité de la personne humaine peut ainsi être respectée de même que la non-utilisation de l'État pour satisfaire de façon mesquine les intérêts personnels.

Mots-clés:

Planification économique, développement, institutions publiques, croissance économique et dignité humaine.

Planejamento do desenvolvimento: dos conceitos para a técnica

Resumo

Os conceitos de *planejamento e desenvolvimento* evoluíram independentemente na sua significação até configurar de forma conjunta a técnica do planejamento do desenvolvimento. No entanto, sendo que os conceitos também configuram realidades, e até mesmo instituições, este artigo propõe que o primeiro passo para atingir o desenvolvimento de um país é o consenso sobre a definição desse termo, pois ele deverá observar os aspectos culturais, históricos, antropológicos e geográficos que definem uma nação, caso contrário seria infrutuosa a formulação das políticas públicas. Após um exercício dedutivo, foi possível concluir que ao consenso sobre a significação do desenvolvimento deve seguir a sua inserção como instituição pública na estrutura do Estado, pois o planejamento econômico do desenvolvimento deve ser estatal porém não governamental, garantindo assim a dignidade da pessoa humana e a não utilização do Estado para a satisfação mesquinha dos interesses pessoais.

Palavras chave:

Planejamento econômico, desenvolvimento, instituições públicas, crescimento econômico, dignidade humana.

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Introduction

This article intends to show that conceptual modifications of *planning*, on the one hand, and of *development*, on the other, have been of extreme importance for the configuration of the development planning technique, because the concepts have the faculty to create realities. It is enough with reviewing world-wide history to verify that they have been “simple concepts” that have determined the destiny of the human being. They also, form institutions, such as the State, justice, the public power, human rights, among others.

This evolution of the *planning* and *development* concepts, that decanted in the configuration of the development economic planning technique, takes us to state that the first step towards the development of a country must be the consensus around the definition that such nation may have of such concept. This acquires special importance, because it is well known that cultural aspects – such as religion - historical – such as migrations - anthropological – such as races - or geographical – such as the tropic - condition a nation and, therefore, its concepts. Not taking this consensus into account, that may seem trivial and condemn to full failure any effort to achieve development, including those public policies that have been able to give good results in other economies.

This way, the relevance of this article lays in the fact that the planning technique has been relevant for the public administration since, besides serving like a management instrument, it has acted as a regulating frame of the governmental action in specific situations that are framed in the public problems of each country. According to the above, this work is mainly subscribed to the neo-institutionalism like a theoretical approach, for which reason it focuses its study in the role of the institutions understood as “an essential factor for the definition of the framework in which individual behaviors, collective action or public policies are developed (*institutions do matter*)” (Roth, 2006, P. 37).

In order to achieve the objective stated, the document is divided into three parts. The first one describes the evolution process of the *planning* and *development* concepts described, while some of the most significant theoretical contributions for their conceptual configuration appear, highlighting the importance of international institutionality¹ of the economic planning.

1 Development public management from international institutionality has been a task mainly carried out by the United Nations Organization (the UN)

The second one reflects around the *development planning* technique and the relevance of considering development like a public institution within the State's structure, prior consensus about what may be understood by *development* in the country, because this will place the State's economic intervention in agreement with the national feeling. The third part presents a brief conclusion where the main ideas that arose from the article are made explicit and it is expected that they can be used as a start point for future studies.

About the concepts

Both *planning* and *development* are concepts loaded with extreme importance for the economy, because they are related to its problem by excellence: shortage. Both *planning* as *development* have helped to forge the economy like a public institution. Thus things, the importance of reviewing the conceptual configuration of economic planning and development lays individually on what Andres Bello (1972) pointed out in his *Grammar*,

Every language consists of diverse words, also called *dictions, words, voices*. Each *word* is a sign that represents some idea or thought by itself, and that *being built*, that is to say, being combined, either with certain, or with other signs of the same species, contributes to express different concepts, and to thus show what happens in the soul of the one that speaks. (P. 15)

As was already indicated some lines back, words form concepts whose meaning constitutes realities. Thus things, development planning is an idea that has taken conceptual significance for the economy, not only for the words that make it up but for the realities that have come about in the countries where it has been applied, amongst which the economic planning offices or departments, the economic plans and programs, and the public policies, among others, stand out. Due to the above, it is convenient to initially review the con-

and the Multilateral Bank through economic missions and the granting of soft credits. The role of the UN has been transcendental in the promotion of the economic development of the peoples through its Economic Commissions and those of the World Bank. This last one “has been an important agency since approximately 1950, in the initiation and the acceleration of organized planning of national development in many nations. As a result of their study missions recommendations and of other kinds, many dependent countries and territories have established or reorganized central planning agencies, or have prepared national development plans, based on the World Bank's recommendations” (Waterston, 1969, pp. 42-43).

ceptual configuration of planning to do it afterwards with that of development.

Planning

Economic planning, understood as the management tool at the service of public administration, arose in the Union of Soviet Socialist Republics (USSR) during the rise of the totalitarian regime led by Joseph Stalin after the triumph of the Bolshevik Revolution in the twenties, in the Twentieth century.

The Soviet system's main planning instruments were the five-years plans that were used to directly take part in all the affairs of the national life, trespassing both the spheres of the public thing as well as of the private thing, but in order to obtain the same levels of economic growth obtained by capitalist countries and, in this way, to be able to exert full control over all the actions that took place in the Soviet space. This way, from the Soviet central planning "doctrine" a series of similar initiatives came about, such as that of India in 1933, that served as an antecedent to the "Bombay Plan" in 1944; the Philippine experience in 1934; and the striking case of France, that between 1945 and 1946 faced the postwar crisis with an economic plan, thanks to which it became the first country of western Europe to economically plan its future.

It must be highlighted the fact that the "Great Depression", also known as the "Crack of the 29", plunged the United States of America (EE. UU) in an economic crisis without precedent² from which it arised, with the impetus of the *New Deal*, a governmental response to confront the effects of the Great Crisis. This "new deal" considered economic measures of controlling nature (or planner), such as reforms to the financial markets and to North American economy. Its main purpose was to relief to poorest from the effects that

2 "As a result of the deep business depression, resulting from the 1929 crisis, the economic situation of the United States was desperate and threatening. When president Hoover completed his mandate (1933), about 32 thousand industrial and commercial companies had gone bankrupt, investment had gone down to 1.2 million dollars, the lowest point reached so far; the number of agricultural operations brought out to auction due to insolvency of their owners duplicated; total physical production was reduced to half; wholesale prices were a 30% lower than in 1929; in four years, the national debt had risen to 3 billion dollars; there was an epidemic of banking bankruptcies; and involuntary unemployment affected 12 or 14 million people [...] The revolutionary transformation of Capitalism of the United States was never a goal of the New Deal. President Roosevelt himself stated several times that the purpose of his policy was to recover the free enterprise system, although depriving it of its flaws and abuses" (Zamora, 1966, pp. 142-144).

the mentioned crisis began to transfer to them on that black Thursday.

However, around 1948, and almost as a response to the Soviet advance within the framework of power balance, we find the "Marshall Plan" or European Recovery Program, through which the United States promoted the design of plans to recover the economies affected by World War II. By virtue of the Marshall Plan, economic planning was no longer seen as an exclusive technique of the communist Governments and turned into the best option to correct market flaws, manifested in Capitalism crises.

It must be noticed that, as the United States, by means of the Marshall Plan used planning to exercise its authority and leadership within the framework of the first hours of the Cold War, the Soviet Union did the same in those countries, that according to the geopolitics of the moment were under its aegis, such as Iran in 1948, Burma in 1950 and 1951, and the United Arab Republic (today Egypt and Syria), Pakistan and China in the years to come after the North American incursion. The expansion of the planning technique even arrived to Africa, where more than 35 independent countries had economic plans at the beginning of 1965.

It must not be left aside that towards the decade of the 50s economic planning was classified, according to its purpose, in military, anti-cyclic, urban, rural and development. Although planning, like any other technical concept, has not been immune to the modifications brought about by its historical, political, social and economic surroundings, changes in its nomination have not been so many nor as significant as in the case of development, because planning nominative modifications were oriented to the way in which it was politically understood at certain moments of history and not to semantic variations.

In fact, it can be ascertained that the single nominal variation that the *planning* concept had was when it was called *programming*, since it has been maintained almost with a single meaning generally accepted. This, for sure, is due to the fact that the nature of the term is absolutely technical and instrumental and does not give place to subjective interpretations. In summary, *economic planning* has been understood as a synonym of planning and *programming*, without intending to give it a connotation other than what the initial concept represents thereof.

The foregoing is explained by Pedro Muñoz Amato in his *Introduction to public administration. General*

theory, planning and budgets (1954), when he warns that, when defining *planning* like a fundamental process of public administration, the debate concentrated on the political trend of the time, which led to the discussion not to concentrate on the meaning of the word itself, but on the "degree of Government participation in the direction of the social processes" (P. 103). That is to say, the debate on planning was not of a semantic order, but rather structural, because the important thing was the size that planning States would have according to the level of interventionism.

Therefore, an ideological struggle started between those who feared a high dose of state intervention to the detriment of personal liberties and the defenders of central planning and the State of well-being as a guarantee of equal conditions for the human existence.

In this respect, Louis-Joseph Lebret (1969) assured in the 60s that the "mere mention" of the *planning* concept was enough to generate malaise both in the political spaces as in those purely technical, since due to its origins it was associated to the limitation of rights like a political practice. No wonder, because when borrowing the definition given by Barbara Wootton towards 1946 and which Pedro Muñoz Amato presents in his *Introduction to public administration* (1954), we can notice that an academic sector considered that

planning can be defined as the conscious and deliberate election of economic priority by any public authority [...] In this context, "public authority" means a State, a Government (with police and military to impose its decisions if necessary), or any other body created by the State or which has been invested with certain rights and functions. (Amato, 1954, P. 103)

This definition turns out interesting because it grants planning a coercive power in society by virtue of "the priority" incarnated by the economic thing. It could also be assured that this definition corresponds to the planning idea that existed in non-democratic regimes, where the reason of State, called "economic priority" by Wootton, legitimized the use of force to "impose its decisions".

In opposition to this, Raul Prebisch (1964), leading the "cepalino" side of the debate, defined public planning like that instrument that serves to

more effectively carry out a strategy, a development policy. If the opposite happens, and the

prevailing trend is more immediate, the experience shows that there is a high probability that planning may become an exercise at the margin of the State's concrete action. (P. 228)

The definition offered by the Argentinian economist leads to a two-way reflection, one refers to the temporality in the long term of the planning task, the other indicates that the reason of being of the planning effort must be development.

Nevertheless, Albert Waterston stated in his *Development Planning. Lessons from experience* (1969) that economic planning could be used for different purposes, such as "the preparation and execution of programs to place men in the Moon or in outer space, to the administration of a company, a city, a region or a nation" (P. 18), to which he added that planning could "be temporary, when it is planned after a natural disaster; during war times, or during the reconstruction of the postwar period" (P. 18), or that if, on the contrary, the objective of planning was macroeconomic stability or full employment, it had to be performed in the long term.

In spite of the endless number of definitions on planning that can exist, the point in common of all these is the essential element of planning: *the plan*. On this matter, important theoreticians like René Costé (1967) promulgated in the 60s that planning as a technique and as a strategy required indispensably of a plan that acted as backbone of the planning process. It is understood by *plan* the fundamental unit of economic planning, that is to say, the tool without which planning could not be materialized, since this is the technical instrument that makes public management possible.

In agreement with the above, Waterston sets out that "a plan is a means, not an aim. However, in many nations official planners and other civil officials behave as if the formulation of the plan was the term, and not the principle, of the planning process" (Waterston, 1969, P. 106). This situation could be one of the causes of under-development of those countries in which the formal thing (textual) prevails over the real thing (substantial).

This way, it could be stated that "planning" is a process that implies, in one first stage, the formulation, a program or a rational plan of action tending to attain the objectives drawn up *ex ante*. The execution of the plan is located in a second phase, that, simultaneously, gives rise to the third stage, dedicated to the control of the executed thing, to then get to a fourth phase of evaluation where what is reached is measured versus

what was planned, in order to go on to the last stage, dedicated to feedback.

This way, we could summarize by saying that for some authors *public planning* is above all a political concept very close to that of *governability*, whereas for others, planning has development as the final purpose, which in turn is bound to economic growth and social welfare. In spite of their opposite appearance, these two positions do not have to be seen like opposed, but as complementary, since development planning demands not improvising in the economic affairs on the part of the Executive.

However, the economic reality demands that economic planning application shall not be limited exclusively to serve as a government management tool, because the scope thereof is global. To the extent that the United Nations Organization (UN) was the entity that capitalized the supranational objective of development through the planning task that created, on the one hand, the Economic and Social Council (ECOSOC) and, on the other, consulting bodies on economic matters.

These entities were the Economic Commission of Europe (CEPE) and the Economic and Social Commission for Asia and the Pacific (CESPAP), founded in 1947. Eleven years later, in 1958, the ECOSOC created the Economic Commission for Africa (CEPA). Only the creation of the Economic and Social Commission for Western Asia (CESPAO) in 1973 lacked, because in 1948, by means of the resolution of February 25, the Economic Commission for Latin America already existed, which later included the Caribbean region and, thus, adopted the name of Economic Commission for Latin America and the Caribbean (CEPAL).

The importance of CEPAL lies in the fact that since the 60s it has been the epicenter of the discussions on economic planning and development of the region. It has carried out important studies on development, from which it formulated, from the hand of its academics, the "cepaline doctrine", in the 50s, in the last century, that was not a simple recipe book of macroeconomic measures for the countries of the region, but it became a way to conceive Latin American public administration and, therefore, a way to think about and to tackle its economic problems. It is convenient to indicate that institutionality of development in the regional scope demands the creation of local organs in charge to orienting the efforts regarding economic planning.

In this state of affairs, we can assure that the planning concept gave rise to a series of public institutions of

local and international nature that recognized (at least formally) the calling of all peoples to economic development.

Development

We must start by indicating that stages like economic poverty, the technical and scientific underdevelopment, the inequality of opportunities, the excessive concentration of wealth and the high rates of unemployment, among others, were

the main reason and simultaneously total justification so that in the middle of the 21st century economists, philosophers and statesmen would focus their attention, their knowledge and their experiences, on the analysis and deep study of what is known today as the *theory of economic growth*. (Aguilar, 2008, P. 10)

This theoretical body considered the growth of national revenues as a fundamental pillar, in spite of the different wars and other social phenomena (financial and public institutionality crises). Within the most important thinkers we found Adam Smith (2014), who when defining common sense in the economy assured, towards 1776, that progress had to be understood like that one period, "while society advances towards later wealth increases" (P. 79). The author added to the above that the economic apparatus of a nation and all its efforts and resources had to be destined, firstly, to sustenance and, subsequently, to comfort and luxury, which gives a fundamental role to the primary sector of economy in attaining wealth.

Now then, the *development* concept, as we know it today, has transformed both in its linguistic nomination as in its practical meaning throughout history. This conceptual construction process can be clearly appreciated in Lebrét's *Concrete Dynamics of development* (1969). In this work, the French priest states that the changes in the forms of industrial production were the origin of the concept denominated *wealth*, as well as the appreciation that indicates to him, is determinant of progress.

Wealth enclosed the effort to "increase production enough so that, by means of the simple game of supply and demand, the entire humanity could benefit from having more and be worth more; the well-being would be the consequence of having more" (Lebrét, 1969, P. 40). In these regards, wealth appeared quantitatively like that stage of human well-being susceptible to be measured by the property rights that granted

the production factors to their holders. It is important to clarify that this nomination must be understood within the framework of antecedents of the industrial era and, therefore, of pre-capitalism.

As a prelude, Laureano Gómez Castro (1928) warned that “wealth fosters culture, founds and gives roots to civilization” (P. 37) that is to say, that civilization, maximum expression of life and ideas in society, is just the materialization of well oriented national wealth. The above can also be understood as the wealth of a nation, manifested in its annual income, with the purpose of consolidation of its civilization, because it demands, on the one hand, the full use of resources in the great production process, and determines, on the other hand, a new form of social agglomeration in urban centers, the birth of an urban social class and its new social practices, of which some would forge the mentioned civilization.

But in the early 20th century, a new conceptual designation came about: *valuation*. Its contribution in the 20s consisted of referring to the *value of use*³, inherent to certain elements and/or means that societies had available for the production process. With respect to this, Lebret (1969) warns us that valuation was much more than a simple concept that defined the opulence of a people, since it also implied the execution of coordinated operations such as the

improvement or construction of communication roads and ports, regulation of water courses, irrigation, drying, implantation of extractive industries and transformation, creation or increase of means of transport, extension of the market, formation or immigration of technical pictures, general raising of the technical level, orientation - if not planning - of the economy by the State, establishing a well-organized and competent administration. (P. 41)

Afterwards, the international economy and political imperialism served like a discussion scenario where new concepts arose to denominate what had been in its beginnings the wealth or the progress, and that was later called valuation. These new concepts were *growth* and *expansion*.

3 “To any object that we can use to achieve any aim (rational or imaginary) we attribute a determined importance, a certain value of use. According to this we can define the value of use as the specific utility of an object to serve for a human aim or a necessity. Examining this concept carefully we will see that the value of use includes three elements: necessity, utility of the object and the understanding thereof” (Kleinwächter, 1940, P. 269).

Its appearance took place towards the decade of 1950, setting a landmark in the political field, since “global growth is easily expressed by the percentage of increase of the national production (gross or net) or of national rent income [...] the expansion becomes, really, a task to conquer markets and extend influence” (Lebret, 1969, P. 42). It must be added to the above, that economic growth is accompanied of a constant increase of *per capita* income “or per worker, accompanied quite often by an increase of the population and almost always of structural reforms” (Kuznets, 1973, P. 3) that allowed such expansion.

But, after the configuration of growth and expansion-like concepts, we arrived in the second part of the 50s to two new nominations that, with detailed meaning, would modify the economic theory and, this way, the public policy. Such expressions were maximization and *optimization*. Both concepts appealed to the need of the effective use (effective and efficient) of all resources and factors available for the great task of industrial production.

Maximization and optimization, as economic processes, looked for economic growth in real terms, in order to generate the conditions required for a social stage of superior well-being. These two nominations arose in the light of mathematical applications to productivity, defined, this last one, from functions susceptible to maximize - as the accountable profit - or to minimize - as production costs. Therefore, economist-mathematicians developed theorems such as the one of extreme values, the test of the second derivative, the method of Lagrange multipliers and Kuhn-Tucker conditions that would address in a formal way the problem of production and the corresponding allocation of resources in real but simplified situations.

This gave way, a decade later, to the most accepted concept with which the population was invited to achieve greater levels of well-being, and thus, greater levels of humanity. In this respect, Pope John XXIII warned about this in his encyclical “*Pacem in Terris*” (2003), when assuring that “nature itself has conferred on men the right not only to be offered a job, but also to choose freely [...] From the dignity of the human person you see stemming also the right to develop economic activities as per the normal conditions of personal responsibility” (p. 10). Such concept is that of *development*, a term which “overflows what is purely economic and the objective thereof must be human elevation; it consists even, in strict terms, in human elevation, in and for a progressive economy; and ‘for’

doesn't mean here an exclusive dependency" (Lebret, 1969, p. 46).

From this conception, more humanistic and less quantitative, other conceptual constructions come about, such as *development as freedom and development ethics*, which turn out to be fundamental in the planning technique. On its part, *development as freedom* is, before anything, a theoretical-practical proposal. Its greatest exponent, Amartya Sen (2011), towards 1998, defined *development* as "a process of expansion of the real freedoms enjoyed by individuals. This approach considers that expansion of freedom is 1) the *primary aim* and 2) the *main means* of development" (p. 55).

In other words, *development as freedom* is a theoretical construction which proposes to understand the topic of poverty from the freedoms of human beings, which allow them to have greater capacities, and, thanks to this, get by without depending on the State or third parties. For Sen, poverty is related to the lack of individual capacities and not to income *per capita*. Such capacities are limited by the lack of political, economic and cultural freedoms, among others.

With respect to *development ethics* we must indicate that despite the fact that economic orthodoxy suggests that the development of a country is manifested through easily quantifiable indicators such as aggregate income, in reality "development is not related exclusively to such indicators. Actually, a much broader perspective is arising in the discussion of how to reach development, and it is there where the idea of social capital emerges" (Klikberg and Sen, 2007, p. 265). That is, development ethics suggests that, more than the economic result, what matters is the social process whereby such result was achieved.

On this subject, Klikberg and Sen assure that social capital has four dimensions. The first one is trust as guarantee for successful interpersonal relations; the second one is the associative capacity that exists in an economy, which allows to achieve economies of scale and undertake great projects; the third one is civic conscience, which is nothing other than the concept citizens have of public matters; and the fourth dimension groups ethical values whereby life in society is built.

Thus, the culture of development is a fundamental element in the development of countries, given that

Changes in economic and social policies require correlation with cultural matters for the sustainability thereof. It is necessary to activate the debate of

ideas, the discussion on ethical values and attitudes. Cultural expressions have the possibility to transmit all their manifestations in a free and open way, the agenda of real sufferings and the claims of the population. (Klikberg and Sen, 2007, p. 276)

By virtue of the above, one could very well say that the culture of development must be the place where the conceptual evolution of development lies, so that social well-being can be founded through democratic principles, as a minimum condition of the political and economic environment of a nation where development is a fundamental part of the State-nation structure.

Technique

To deal with the *economic planning of development* technique demands to do so from the economic, institutional and public management perspectives, given the fact that these are the spheres wherein it materializes.

With respect to the economic perspective, it is necessary to rescue the important contribution made by the North American economist Wassily Leontief with its Input-Output Model (IOM), which was nothing other than the "realization of the dream in the XVIII century of physiocrat Francois Quesnay, the first one to conceive the *Tableau Economique* over the circular trend of economic life" (Santos, 1992, p. 86). As for the rest, the IOM represents a slightly more sophisticated adaptation of the general equilibrium theory, initially proposed by Leon Walras, quantitatively revealing in it the interdependence of industries in an economy. The importance of such model lies in the fact that it is able to synthesise those inter-industrial relations of an economy, turning such data into information of essential importance for the decision-making process regarding inter-sectorial economic planning.

Such inter-industrial relations are presented in a matrix composed of

columns (vertical spaces) and rows (horizontal spaces), at the beginning of which the name of the corresponding sector is written. In each box formed by the intersection of a column and a row, a quantity is registered, expressing the monetary value of the goods or services that the industry, the name of which is written at the beginning of the row, sold to the industry, the name of which appears at the head of the column. Such quantity is, therefore, a *product* for the selling sector, and an *inducto* for the sector which bought. It follows that the row and the column which have at the beginning the name of the same industry, provide full information

Figure 1. Input-Output Model

| | Industria 1 | Industria 2 | Industria 3 | ... | Industria n |
|-------------|-------------|-------------|-------------|-----|-------------|
| Industria 1 | a_{11} | a_{12} | a_{13} | ... | a_{1n} |
| Industria 2 | a_{21} | a_{22} | a_{23} | ... | a_{2n} |
| Industria 3 | a_{31} | a_{32} | a_{33} | ... | a_{3n} |
| ... | ... | ... | ... | ... | ... |
| Industria m | a_{m1} | a_{m2} | a_{m3} | ... | a_{mn} |

$m \times n$

Source: Personal development based on the original model by Leontief (1984).

on the relations with the rest of the economy. (Zamora, 1966, p. 149)

Now, the general form of the IO model is linearly determined by a numeric arrangement of the order $m \times n$, with m rows and n columns, as shown in figure 1.

Where: 1) $m = n$ and represent the number of industries composing an economy; 2) a_{ij} is the position reflecting the minimum input of industry i (expressed in monetary units) that industry j requires for its production. It should be noted that in Leontief's coefficients model, the labour provided for national production is treated as one more industry. Additionally, it is appropriate to specify that the IO model of contemporary economies considers input of imported origin, income generated by the production factors and the consumption of intermediate goods allocated for national production, which means an expansion of Leontief's basic model towards the international economic reality, where the interdependence of economies in the global environment is manifested.

It is worth clarifying that the IO model has not been a model applicable only and exclusively to national economies independently; there is the research carried out at the initiative of the UN in the seventies of the XX century entitled *The future of the world economy*, led by Leontief. Such study intended to evaluate the world economy using the *input-output* analysis as methodology.

One of its most highlighted results is the fact that "the main limits of a sustained economic growth of accel-

erated development are of political, social and institutional nature" (Leontief, et ál, 1977, p. 40). That is, the limits of economic growth are not economic as such, but rather social, which can be generalized in the fact that poverty and underdevelopment are the result of social and not merely economic aspects.

In view of the above, Leontief (1984) considered that planning had to be considered as "the organized application of systematic reasoning to the resolution of concrete practical problems" (p. 51), which implicitly denotes that economic planning had its own method, that we might assure is IO model, as it unveils the interaction of the state with the private sector in the direction of economy. Leontief explicitly recognizes that the problem lies not in "choosing between free competition and total planning, it lies in choosing an efficient combination between both policies" (1984, p. 51), since this is about finding the optimal point to organize the production factors from the State, but with active participation of private entrepreneurs.

This way, we can assure that the IO model allows *policy makers* to anticipate the economic effects which might be generated if any of the variables of the model changes its behavior, such as general level of prices, changes in the demand or supply *shocks*, the price of skilled labour, amongst others. This situation leads you to believe that official efforts should be made to generate the desired levels of production, and to such end, the incentives offered by the State to the private capital are a great tool.

To conclude, it is worth noting that the IO model requires great efforts such as the collection and treatment of statistical information, which fact represents a great problem in emerging economies, as such information is non-existent or unreliable, due to the technical deficiencies presented by the organizations engaged in such important task. Additionally, it must be indicated that the inflexibility of the model is one of its main defects, as it is based on economic stability assumptions.

Now then, as regards the institutional perspective, it is convenient to appeal to Álvaro Gómez Hurtado (1979), who affirmed that "the Plan is the great regulating framework of the intervention of the state within which freedoms prosper and which are today threatened by an intermittent and capricious state action" (p. 20). The position of the conservative statesman is more than original, and contributes an innovative element in the development planning technique, whilst assuring that economic planning must promote human freedom and that, on the opposite, discretion in topics of economic policy vis-à-vis development as objective of the

nations suppresses such freedom when public action is "capricious" and "intermittent". And it is precisely the *development planning technique* which, when applied to the solution of public economic problems, eliminates that intermittency Gómez Hurtado was referring to. Institutional matters cannot not be confused with legal matters, as this has already delayed States in their operation, vis-a-vis the speed at which economic developments take place.

From what has been said by Gómez Hurtado we can switch to the perspective of public administration, as they explain each other reciprocally, and, to such end, it is necessary to borrow the words of Waterston (1969) in order to open the way for the definition of *development planning*.

As the planning objectives and practices in each country are in some ways different from those of the other nations, it is impossible to formulate a definition of development planning which can meet each and every requirement. The definitions are varied and extensive. It is possible to find, in one extreme, a definition which is sufficiently broad to cover all nations, and in another, one so tight that it can only cover a few of them. (p. 29)

Along the same lines of the statement by a former lecturer of the World Bank Economic Development Institute, we might agree as to the fact that *development planning* is the government commitment to involve all sectors of society in the satisfaction of the basic needs of the population. Additionally, development planning, more than a management option, must be seen as the way to correct market failures. In this sense, Galindo and Malgesini (1994) rightfully highlight that

"development" is not a phenomenon which can be explained economically. Due to the fact that economy is affected by the changes of the world surrounding it, the causes and the explanation of development must be sought outside the group of facts described by the economic theory. (p. 108)

In other words, although development planning must not be limited to economic growth as a goal in itself, it must resort thereto. In support of the foregoing, Amartya Sen affirms that the analysis of economic development of the population must not be limited to only "observing the economic growth of the GNP or some other indications of the general economic expansion. We also have to observe the influence of democracy and political freedoms in the lives and capacities of citizens" (Sen, 2011, p. 188).

In turn, Jan Tinbergen (1974) stated it should be considered that

development possibilities depend on certain factors such as the willingness of the Government and the people to make special efforts, of external aid in the field of investment or education, and of a number of short-term factors, such as the yield of harvests, fluctuations in the world market, etc. (P. 15)

Additionally, the Dutch economist emphasizes that "advanced countries" reached economic development thanks to the impetus and leadership of private entrepreneurs, in which fact he is in agreement with Costè (1967), since Costè assures that the "most important" cause of under-development is *social ankylosis*, which is defined as that one moment in which

the elites of a country (political, intellectual leaders, different professional bodies,) lose the initiative spirit, stop searching for new things, are satisfied with the level reached, proudly lock themselves inside them and abandon themselves in idleness and lust, condemning their people to stagnation and the recession with respect to the global advance of civilization. (P. 709)

By virtue of the above, we could agree on the fact that underdeveloped countries are those that "are less developed than they could be, that have a greater potential than the one they use" (Kuznets, 1973, P. 481), but that due to their "social ankylosis" they sub-utilize their economic potential⁴.

In a complementary way, Hernando De Soto explains to us in the *Misterio del capital* (2000) that in the world economy there are two spaces where the economic thing happens: the extralegal (or informal) and the legal one. According to De Soto, they are both separated from each other due to the existence of a "crystal bell" that serves as display cabinet of the social inequity generated by Capitalism, where those that are outside the bell are the ones marginalized by the system and those that are under the bell are the privileged ones. The crystal allows to see from both sides of the bell what happens on the other side with total indifference versus the reality observed.

Just as the Peruvian researcher assures, this happens because in underdeveloped countries there are ineffi-

⁴ This particular point of the discussion is opposed to as proposed by Arthur M. Okun in his *Equality and Efficiency: The big tradeoff* (1975) when he assures that "some equality will be sacrificed for the sake of efficiency, and some efficiency for the sake of equality" (p. 88).

cient property systems, because the “poor are not the problem, but the solution”, because if there were formal property systems where migrating from extra-legality to legality was an expeditious process, these agents would have sufficient incentives for such migration, consequently the economy as a whole would win.

De Soto defends the idea that private property is the means through which a country can turn “dead capital” into “active capital”, as long as that the extralegal individual can enter the market with its legally recognized goods, that is to say, whenever he is free to choose legality. It must be added to the above, the importance that academic, technical and technological instruction has in the process to reach development, because

the poorest countries can reach the level of the richest ones, provided that they reach the same level of technological knowhow, qualifications, education [...] This knowledge dissemination process does not fall from the sky: it is often accelerated by the international and commercial aperture [...] and it depends mainly on the capacity of countries to mobilize financing and the institutions that allow for massive investment in educating their people, while assuring a legal framework foreseeable for the different actors. (Piketty, 2014, P. 88)

Sometimes, the impediment to shift from those extra-legal economies to the legal ones is lack of education. In this state of affairs, the development planning technique requires a public institutionality that guarantees the development of the people from a comprehensive approach, because a stage opposite to the development only moves the nations away from the ideal of human development that every legitimate Government must aim for. With regards to the humanization of the economy as a guarantee for full development, we find John xxiii, that in his *Pacem in Terris* encyclical (2006) emphasizes that it is very important that in the planning process

Governments place all their efforts so that economic development and social progress advance at the same time and so that, as productivity of the economic systems is developed, essential services also develop, such as, for example, highways, transport, commerce, drinking water, housing, medical care, means that facilitate professing the religious faith and, finally, aid for the rest of the spirit. It is also necessary that the authorities strive to organize economic forecasting systems so that, in case of a misfortune or an increase in the burden of family obligations, citizens can have what is required to lead a dignified life. (number 64)

The reflection that John xxiii shares with us around the role to be fulfilled by the Government in the planning technique is absolutely rich in humanism, since it allows us to have a vision not so economic nor so political of what must be the last aim to seek for in a planning process, but part of the dignity of the human person through the achievement of optimal levels of economic and social well-being. In other words, the *why* of the planning technique is determined in human dignity, and the *how*, in the *development plans*. Its importance lies in the fact that “the development plans must serve as a letter of presentation of the country’s economy before foreign Governments and the international technical and financial cooperation organizations” (Aguilar, 2008, P. 205), because they play a decisive role in the design and execution of the foreign policy of a nation State within the international cooperation framework for development.

The foregoing demonstrates the crosscutting nature of the development planning technique in public affairs, both locally, or internationally, reason why development must be a state and not a government policy. Therefore, development must be inserted within the structure of the State like the most important public institution, because the dignity of the human person depends on it, which implies that anything that endangers such an elevated institution - as poverty, inequality, deficient education, corruption, among other phenomena, endangers human dignity.

Conclusion

It can be stated then that conceptual evolution processes of *development* and *planning* decanted in the formation of the planning technique as it is known today. Development economic planning must be acknowledged as a means to obtain worthy life standards collectively. Therefore, a consensus must be obtained about what the population understands by *development*, in order for it to be able to materialize itself in the most important public institution in the State structure.

It is inadmissible that a State has different or, even worse, contradictory aims with respect to development, since the human person is dignified therewith. For this reason, the national production must be endorsed by the existence of transparent public institutions that operate by virtue of development ethics.

Finally, it must be remembered that the technical aspect of economic planning does not obey any school of thought as such. This is how, by being outside the ideological frameworks, it has been able to survive in

a market economy, in which the action of the State in economic matters must be strictly oriented by a plan or program that considers inter-industrial relations of an economy.

This plan must be the result of a public agreement exercise between the different estates and sectors of the nation-state where the national objectives to be fulfilled are identified in a determined period of time, which will become the guarantee that the development intended in such instrument be the reflection of the national feeling and not the arrogance of individual interests.

This way, it is stated that the National *Development Plan* be the legal and administrative framework whereby individual freedoms and respect for human rights can be materialized. Such plan must be so flexible that it withstands electoral changes that political dynamics imply, and that it supports the alterations pertaining to the market economy, but it must also be so rigid so as not to allow any manipulation by individual interests. This, because development is a right of all nations, as warned by the jusnaturalist tradition, and its attainment must be an objective of the global scope, indiscriminately from political ideologies, races, religions or regimes. It is possible to clarify that this development is not given by the trivial materialism of "having", but by the fundamental principle of "being".

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