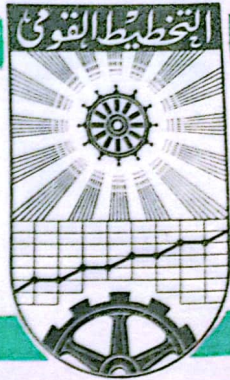


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UNITED ARAB REPUBLIC

THE INSTITUTE OF NATIONAL PLANNING



Memo. No. 251

(Part 2)

Comments On

Memo. No. 239 On

The Elaboration of Research
Programs In the Institute

December 1962

Comments of
Prof. Vera Cao-Pinna
Associated Professor, University of Rome for

Dear Dr. Abdel Rahman

I apologize for the delay in answering to your letter of October 7th and in submitting to you my comments and suggestions on the note concerning the elaboration of research programs in the Cairo Institute.

Actually, the questions and problems raised in this note are so interesting, that I would have wished to discuss them personally: as it would have been possible if you had come to Naples (as we expected) for the round table on the technical and research problems in the Mediterranean Area. Thus, having missed again the chance of seeing you, the task of commenting this note has been more difficult for me.

As you will see from the enclosed paper, I have limited my comments and suggestions to the questions concerning the organisation of a broad research area and not that concerning the elaboration of a flexible program open to the current needs of planning activities.

I think, in fact, that if we do not start organising, everywhere, economic and social research on a large scale, the function of planning services will be, sooner or later, seriously compromised: especially in developing countries.

Perhaps you will find my suggestions for a long term research program too much ambitious, in relation to the present and general limitations of qualified research staff, but I hope that at least some of the topics suggested will retain your attention and induce you to consider the opportunity of developing them in the near future.

Not being able to participate in the conference which will be held in Cairo next December (also because I am not much interested in too large and not exclusively technical conferences), I would greatly appreciate receiving your reactions on the enclosed note.

Hoping to have, sooner or later, the chance of seeing you again and of informing you on the interesting developments of research within the Common Market area, I send to you my best personal regards.

Sincerely

(Prof. Vera Cao Pinna)

1 Enclosure

1. GENERAL REMARKS

Training and Research are two interdependent activities which must be simultaneously and systematically developed: especially if the former aims at focusing the attention of planning officers to the concrete implications of alternative policies, rather than to the generalities of macro-planning, as usually expressed by the desired rates of growth for the various sectors of the economy.

Problems differ in fact so much, from country to country, and planning methods are still, everywhere, at such an experimental stage, that especially in developing countries, training and research should be principally and jointly directed to stimulate the search for the most appropriate type of planning applicable in the country.

Actually: the unsatisfactory results so far achieved through the planning approaches until now used in retarded countries is, in my opinion, largely imputable to the implementation of theories and macro models borrowed from the literature and the experiences of industrialized countries: where the problem of maintaining a steady rate of economic growth have become more essential than the (already largely solved) problems of social progress. The impression that the developing countries are concentrating their efforts on rapid and "apparent" economic growth, rather than on social progress, is for instance, supported by the lack, in these countries, of research on income-size distribution and on the living conditions of the various social categories; that is: those aspects on which the general attention was, instead, focused, either in Europe, or in the United States, during the early stages of their industrialization.

Training confined to economic theories and to macro-planning techniques applied in more advanced countries can, therefore, scarcely contribute to enlighten the minds of administrators and of research assistants, if not accompanied by factual illustration of the mechanisms through which social progress can be developed in line with economic growth. It happens, however, that: while training on the mechanism of "visible" economic growth is facilitated by the abundance of technical

literature and by the availability of the minimum statistical material required for elaborating an aggregated macro-plan , training on the integration of economic planning with social planning must be necessarily developed on the basis of extensive quantitative research on the specific conditions prevailing in the concerned country.

Another major aspect of planning which cannot be explored without the support of factual research, (or the analysis of available data) is the one concerning the sectorial borderline between public and private action; that is: the extent to which centralized and authoritative planning is technically feasible, or desirable from the political and social viewpoint.

My general remark on the note submitted by the Cairo Institute is that it seems to assume the existence of a well defined philosophy and methodology of general and sectorial planning, applicable at any stage of economic and social development, without requiring the support of a comprehensive and continuative research effort. On the contrary, many concrete experiences (for instance the Yugoslavian experience) have demonstrated that planning must be adapted to the specific situation of any given country and must evolve in line with the successive stages of its economic and social development: an evolution which cannot be measured in terms of per capita income, or other similar abstract indicators.

The following are some more specific suggestions which I submit for consideration, in the frame of the above general remarks.

2. COMMENTS AND SUGGESTIONS ON THE ORGANIZATION OF LONG TERM RESEARCH

In a National Planning Institute, research should be, in my opinion, organized on a very broad area, not directly with the implementation of specific programs.

- A net distinction should be made, in fact, between:
- current research, connected with the practical problems of short-term programming;
 - extensive research, organized in view of the formulation of a long-term plan, covering not less than 10 years.

Actually, only the latter one requires the use of scientific methods and justifies the setting up of a big Planning Institute.

My comments and suggestions will, therefore, regard only the organization of a comprehensive area of research, covering all the aspects and problems of a long-term evolution, either in the institutions, or in the social and economic structures of the country.

The organization of such a broad activity cannot be envisaged on an individual basis, or depend on "incidental choices and circumstances", but requires the formation and coordination of at least the following six Working Groups:

- 1) The Policy Research Group, consisting of a restricted but very selected team of senior staff members, whose main concern should be that of assisting the National Planning Committee in the establishment and in the periodical revision of a consistent set of long-term targets and in enabling it to evaluate the political, social, economic and financial implications of alternative policies and instruments.

For performing such a critical task, the Policy Research Groups should be charged with:

- the elaboration of a comprehensive long-term research program, including the priorities and schedules for the various topics selected in accordance with the philosophy and the targets assigned by the N.P.C. to the long-term plan;
- the coordination and interpretation of the results of all the research projects carried out in the various areas;
- the compilation of (annual) Progress Reports for submission to the National Planning Committee and, eventually, for publication;
- the training on theories and methods of decision-making.

- 2) The Methodological Group, consisting of a restricted (and possibly international) team of qualified mathematicians and statisticians: whose principal activity should consist in the following up the scientific and methodological progress in the various areas of pure research and in the elaboration of ad hoc econometric and sociometric models, inco-

incorporating the variables and the targets indicated by the Policy Research Group. The Group should also try to elaborate a consistent set of long-term indicators of the performances achieved along the directions traced by the long-term targets of economic growth and social progress.

This Group should also formulate concrete proposals and plans for increasing and improving the statistical documentation in the various areas and establish all the standards and techniques to be used in data collection and processing, (including: sampling techniques, electronic computations, economic analysis, presentation of the results, editorial work, etc..) and be charged with the training concerning the methodologies and techniques applicable in the various areas of research.

- 3) A number of Operational Research Teams, each one directed by a specialist in the fields covered by the research program: whose activity should consist in organizing (with the methods and techniques prescribed by the Methodological Group) the analytical tools required for developing quantitative research in the areas (and, according to the priorities) indicated by the Policy Research Group. Each Team should work in close contact with the Methodological Group and the results of their studies should be made available to all other teams and discussed in plenary sessions to which the Director of the Institute and the members of the Policy Research Group should always participate.

- 4) A number of Contract Research Teams, for the carrying out of specific projects committed by national, or international organizations, according to the methodology agreed upon between the Contracting Agency and the Methodological Group of the Institute.

These teams should be temporarily formed and dissolved without disturbing the normal activities of the Institute and, either the directors of these Teams, or their assistants should be released from any other responsibility during the contract periods.

- 5) A number of Computing Units, consisting of electronic, comptometer or electrical machines operators which should be associated with the various Research Teams and work according to the instructions agreed upon by the Director of each team and the members of the Methodological Group.

- 6) A number of Librarian assistants, (preferably females), each one specialized in a given area of economic and social literature, who should collect and put at the disposal of the Research teams all the documents and the bibliography relating to the topics listed in the research program.

3. EXEMPLIFIED TOPICS FOR A LONG TERM RESEARCH PROGRAM

A) Integration with broader economic areas

- Present and prospective advantages and disadvantages of association to "Common Policy" international organizations.
- Present and prospective advantages and disadvantages of long-term contracts with foreign countries.

B) Demography and Labor Supply

- Population projections, by sex and age groups.
- Present and prospective health and educational level of the labor force.
- Minimum productivity and family income levels required to retain the necessary manpower in the various agricultural areas.
- Present and prospective exodus from the Agricultural sector.
- Present and prospective supply of labor in the non-agricultural sector.
- Present and potential propensity of the labor force to emigrate abroad.

C) Factor Payments

- Present and prospective income shares distributed to labor, property and capital, by sector.
- Present and prospective sources of financing gross investments, by sector.

- Prospective effects of shifting from direct to indirect taxation, or viceversus.
- Present and prospective size-distribution of wealth and income among the various social categories.

D) Private and Public Consumption

- Income transfers needed for correcting the present size distribution of total consumption.
- Present and prospective consumption patterns of the various social categories (distinguishing between auto-consumption and purchases).
- Minimum housing and living standards desirable for the wage earners in the agricultural sector and in the urban centers: as established (by nutritionists and other specialists), as much as possible in physical terms.
- The economic and financial impact of shifting from personal savings to personal capital formation (e.g. in the form of durable household equipment).
- Present and prospective requirements of public consumption, by public function.
- Present and prospective import requirements of consumers' goods.

E) Exports

- Following up and comparative analysis of the projections for import requirements and surpluses available in the various geographical areas.
- Following up the expansion of production and the relative prices trends in competitive countries for exportable commodities.
- Establishment of feasible targets for the exports of the most competitive goods.

F) Location of private and public investments

- Regional inventory of natural resources and structural

bottlenecks.

- Present and prospective relations between Agriculture, Industry, Trade and Services, in the various areas of the national territory.
- Evaluation of the capital stock in fixed assets, by major sectors.
- Additional capital requirement (in construction and machinery) for alternative rates of expansion in:
 - a) the typically "local" sectors (food, clothing, lumber, etc.);
 - b) the exporting sectors (agriculture, textiles, chemicals and petrolchemicals).
- Present and prospective advantages and disadvantages of regional concentration of heavy industries.
- Housing and public utilities requirements, in relation to alternative choices, as to the regional location of heavy and light industries.
- The economic and financial impact of encouraging the ownership of dwelling among the various social categories.
- Present and prospective distribution of government contracts, by area, or region.
- Present and prospective import requirements of capital goods.

G) Intermediate demand

- Substitution trends of basic inputs, by sector.
- Present and prospective intersectorial transaction chains, as much as possible explicit in physical terms (e.g.: the chain: grain and seed crops - milling and oil pressing - feeding - animal raising - milk transformation - slaughtering - packing and canning; or the chain: wood and minerals - steel and cement - building and machinery - transportation means - fuels; etc.)

- Present and prospective location and organization of marketing lines for the various transaction chains.
- Present capacity and feasible expansion of production of intermediate goods.
- Import requirements of intermediate goods.

H) Employment and emigration

- Present and prospective relations between labor, and capital, by major sector.
- Present and prospective requirement of specialized and female manpower, by major sector and region.
- Prospective excess of the labor force, by region.
- Present and prospective demand of the labor in the foreign markets.
- Prospective emigration, by geographical area.

K) Prices

- Organization of a detailed system of data on domestic and import prices of: raw-materials, intermediate goods, consumers goods, capital goods and personal services, permitting to deflate correctly the current values of national accounts and of input-output tables. Due to the scarce meaning and usefulness of physical productivity measures, such information is, in fact, essential also for measuring productivity through a rigorous deflation of production costs and final demand, by sector.

IV ESTIMATED STAFF REQUIREMENT-TIME AND COST INVOLVED BY A LONG-TERM RESEARCH PROGRAM

Assuming that research on many of the topics mentioned in the above exemplified list are already (or might be easily) developed by the present staff of the Institute, on the statistical materials and the analytical tools already available, the additional staff required for implementing a broad research program might be estimated on the basis of an average number of 5 to 8 working unite per project, for a total of about 200 persons.

Considering, however, that: the quality and training of such additional staff is more essential than its size, it might be necessary to envisage the opportunity of intensifying the training of the research assistants, by offering them the possibility of joining, for at least 6 months, some foreign Research Institutes having on their programs of work the analysis of topics similar to those which will be included in the Research Program of the Institute.

Taking into account such temporary leaves and the time required for carrying out the additional surveys needed for analysing certain difficult topics, it can be estimated that the organization of such a broad program would take at least one year of accurate preparation.

The cost of research projects can be estimated at an average basis of \$ 25,000 each; so that: the total cost of carrying out (more or less simultaneously) about 20 projects per year (each one taking from 6 to 12 months) would approximately amount to \$ 500,000 per year.

This amount seems quite reasonable, if compared with the heavy investment, in personnel and equipment, normally (and much less productively) absorbed by National Statistical Services, for carrying out (often with traditional and obsolete methods) ordinary programs of current statistics.

(Prof. Vera Cao-Pinna)

Rome, Nov.10, 1962.

Comments Of
Professor Benjamin Higgins
The University of Texas

Dear Dr. Abdel Rahman,

Please forgive the long delay in answering your letter of October 7th, enclosing your very interesting "Elaboration of Research Programms in the Institute of National Planning". Your letter arrived while I was in Europe for some meetings of the German Institute of Developing Countries, and since my return I have been struggling to catch up with a variety of overdue commitments.

With regard to your proposed research programm, let me first say one word about outside assistance. I believe a very good way for you to add to your total resources would be through a contract with an American University, financed by Ford Foundation, AID, or similar agency. As you know I am myself a Canadian and no American "jingoism" underlies this suggestion. The simple truth is that only in the United States can you find concentration of the experts in the Universities, with field experience and a continuing interest in problems of developing countries. Consequently only the American Universities are able to provide continuing service of this kind at the present time. You may know that the University of Texas has had some conversations with the Ford Foundation regarding the possibility of setting up a programm on Middle East Development, with special reference to Egypt. I don't know what will come of these discussions but this kind of arrangement could be very useful to you.

With regard to the contents of your proposed research programm, I realize that the outline is a skeletal one, and no doubt you have in mind all the things I am going to suggest, under one or another of the headings in your list. However, since you asked me for suggestions, let me make a few.

First, under the heading of Training and Education, I believe it would be worth specifying training in Public Administration and Management I have yet to be completely persuaded that good public administration is something that can be taught, but no doubt there are some general principles emerging that are useful, and the very idea that public administration is a subject which can be analysed objectively is a useful one. The problem of management including the problem of innovating entrepreneurship in societies which are neither capitalist nor communist, is one which I know is of great interest to you, as well as to me, Jim Smith, Abdel Meguid, and others with some acquaintance with the problem. I do feel that despite the difficulties of embarking on research in such uncharted waters it should specifically included in your list.

Similarly, while capital labour relations in your list may mean choice of technology, I think choice of technology should be specifically mentioned. (Capital-labour relations might be interpreted to mean industrial relations, although in the Egyptian context I assume that it means choice of technology rather than employer-employee relations). I don't think that much progress can be made in research on choice of technology be economists sitting at their desks. Some engineering research, at least on a pilot-plant scale, would probable be necessary.

Under the heading of social change I believe that some fields should be specified. It's time we had "an economics of public health" as well as "economics of education", for example. Indeed, demographic studies as a whole ought to be included, even if Egypt does not at the moment plan an active program of population control. Also under this heading, factors in occupational and geographical mobility are of great importance. Finally, while the Egyptian problem of land tenure has perhaps been solved, but I would be inclined to doubt it. It is important to know in any country what is the optimal technology for each size of farm (from one acre to a million) and what the difference in man-year productivity would be with the different scales of operation, assuming that the technology is ideally adapted to the scale

The relationship of policy to planning is an extremely important subject for research. This relationship may be subsumed under your short-term planning category, but might well be specified. To me, the determination of monetary, fiscal and foreign exchange policy, and perhaps wage price-policy as well, should be regarded as an integral part of the overall planning process.

I am sure that all these ideas were already in your mind, but perhaps it may be of some use to have your views supported by an outsider.

Abdel-Meguid has written an interesting dissertation on Principles of Planning. We have enjoyed having him around; he has made a distinct contribution to the intellectual atmosphere here. I shall be spending the second semester this academic year at the University of California at Berkeley. After that, there are a number of intriguing prospects, of which concentration on the problems of the Middle East is one.

I hope we shall have an opportunity to meet somewhere in the not too distant future.

Yours sincerely,

Benjamin Higgins
Professor of Economics

Comments of
Mr. Donald Mead
Visiting Eco. Research Worker

If it's not too late, perhaps I could add a word to the current discussion on research at the Institute. An organized research program, with regular staff meetings, can have either or both of two functions. The first is to share information, on results obtained and procedures followed. The second is to provide a kind of inducement mechanism, for stimulating people to undertake research. If people know that they will have to take part in a discussion on staff research, it pushes them to do some thinking and some work in preparation for the meetings. It seems to me that, at the present stage in the life of the Institute, the second function is probably the more important one. This forms the background for my main point, which is as follows.

It seems wise to me to make a sharp distinction between individual research projects and what might be called Institute Projects. In the former approach, one or a few staff members would choose some topic in their field which interests them, and explore it as fully as they can; in the latter, the staff as a whole would settle on one or maybe two fairly restricted areas of study and examine them from all aspects. I think that we delude ourselves if we try to mix the two approaches by saying that we adopt as Institute Projects five or six large, general areas of work, within which the staff members will be free to choose their own line of research.

There might be two advantages to the second line of approach, of adopting one (or at most two) major Institute Projects. In the first place, it should give us a broader understanding of whatever problem is being worked on; it does make sense to try to look at some specific area from several different points of view, in hopes that each will contribute to our understanding of the others. The second advantage concerns our administrative inducement mechanism, to get people involved in the research; it might work out very well to have the staff as a whole sit down regularly (maybe once every two weeks) and discuss as follows: in this area of research which we have chosen, what is the special relevance of the government budget, or of the financial system, or of the agricultural sector? What specific questions do we think those in our group with special competence in these areas should work on and try to answer for us? Such meetings could be extremely stimulating and fruitful; the great danger of this approach is that they are also of crucial importance. It seems likely that, using this approach, a good deal of the initiative for undertaking research would be transferred from the individual to the group. If the staff meetings are well organized and well handled, this need be no problem. But since this would involve "putting all our eggs in one basket", I feel that it would be extremely important for someone quite high up in the Institute and quite capable to take an active role in organizing work and thinking between the meeting. Without such a person, it seems to me that this type of group research either will not get off the ground at all, or will turn out to consist of one or two uncoordinated research projects in the general area of work chosen, involving only a small proportion of the Institute staff.

If it is not possible to find such a capable person who is able to give a substantial portion of his time to the supervision of the research project, then I would prefer to see the whole program organized on an individual basis. In this case we would still need some kind of inducement mechanism, which might be provided by having regular biweekly meetings of the whole staff, at which each staff member might be expected to report (maybe once a month) on the research project which he expects to undertake, is in the midst of, or has completed.

I hope these thoughts are of some use to you. Please forgive the lack of "polish", but I did not want to delay any longer before passing them on to you.