philippine studies

Ateneo de Manila University • Loyola Heights, Quezon City • 1108 Philippines

Planning Economic Growth: Programming Techniques for Economic Development

Review Author: Gabriel Y. Itchon

Philippine Studies vol. 9, no. 2 (1961): 382—383

ments and demonstrations arranged after the order of topics in the text.

The author, who is the President of the Catholic Biology Teachers Association, has contributed a textbook well adapted to the student of general science in Philippine high schools.

JAIME C. JOAQUIN

PLANNING ECONOMIC GROWTH

PROGRAMMING TECHNIQUES FOR ECONOMIC DEVELOPMENT. United Nations Organization. Bangkok, 1960. 129p.

This book reviews and sums up theoretically-evolved approaches to and techniques of economic development planning in a language readily comprehended by many interested readers. The task was undertaken to help official planning agencies derive benefit from the rigor and precision of theoretical constructs or, more specifically, to aid towards the attainment of logical consistency in the preparation of a comprehensive development program.

The material is developed from the simplest to the more complex techniques of programming in tune with the state of the arts existing in underdeveloped countries. Thus, planning agencies can undertake programming in a systematic way even with the minimum information available, and subsequently increase its efficiency as improvement in knowledge and data makes the use of the more complex techniques feasible.

Following the above sequence, the aggregate model of Harrod-Domar is discussed first because of the small amount of information required. This model, for example, was used by the National Economic Council in formulating its latest "Three Year (FY 1960-1962) Economic and Social Development Program." The model, as used in development work, establishes the rate of savings and (for equilibrium to be attained) investment required to achieve a specific goal in terms of an increase in national income.

Subsequently, the economy is broken down into two sectors—e.g. consumption vs. investment goods sector, export vs. home market sector—and a model to account for the divergent economic characteristics of these sectors is constructed. At this stage, balance and consistency start to assert their importance. For example, an increase in the output of consumer goods requires investment not only in this sector but also in the sector that will provide the capital goods required as input to expand the output of consumer goods.

The material is then developed by increasing the number of sectors, thereby increasing its efficiency and, at the same time, its complexity. The use of an input-output analytical framework to indicate the volume of the variety of goods—capital as well as intermediate goods—that is required to complement a definte production schedule for consumer or final bill of goods. Finally, the main characteristics of linear programming are discussed—an analytical technique supplementary to the input-output model. Within the separate sectors, linear programming analysis provides a basis for attaining the production schedule at minimum costs or, conversely, attaining the optimum output with in the limits of scarce resources.

PROGRAMMING TECHNIQUES provides only a summary or guideline that has to be supplemented by more materials on the subject of development planning. A bibliography is presented at the end of the publication for this purpose. In this connection, another publication of the United Nations, MANUAL ON ECONOMIC DEVELOPMENT PROJECTS (New York, 1958) provides a detailed discussion of the final stage of programming—at the project level.

A more substantive treatment of the dualistic nature of many underdeveloped economies remains to be accomplished. The interaction between the "farm" and "industrial" sectors has been treated quite superficially. A thorough analysis of the relationship between the non-fully market-oriented sector and the fully market-oriented sector is desirable in view of the scarcity of capital and the need to economize it for the "big push." The farm sector, in which production is to a significant extent non-market-oriented, constitutes a bargain sector in the sense that a large increase in output can be gained from a relatively small dose of capital.

In spite of this limitation, however, PROGRAMMING TECHNIQUES provides an excellent guide for official planning agencies in the preparation of a comprehensive development program that satisfies the requirements of logical consistency. In the case of the Philippines, drawing up a plan of economic development has been little more than a form of diversion. Not a single one has been adopted by the ultimate policy decision makers in the government.

GABRIEL Y. ITCHON