

# UNITED ARAB REPUBLIC

## THE INSTITUTE OF NATIONAL PLANNING



Memo. No. 622

### THE CONNECTION BETWEEN GENERAL AND REGIONAL PLANNING

by

Prof. Dr. H. Linsel

Prof. Dr. K. Sack

January 1966







## The Connections Between Central and Regional Planning

### Contents

0. Introduction
1. Central planning and regional planning and their position in the state management
2. Basic principles of regional planning
3. Organization of regional planning
4. Special tasks of regional planning
  - 4.1. Regional co-ordination of manpower
  - 4.2. Regional co-ordination of technical provision and transportation
  - 4.3. Regional co-ordination of building demand
  - 4.4. Regional co-ordination of investment
  - 4.5. Co-ordination of regional relations concerning population's provision and care
5. Foundations of regional planning

Final remarks.







## C. introduction

Before dealing with problems of how to connect regional and central planning I am forced to say a few critical words upon planning systems applied in most of the developing countries at present.

I will do this by explaining at first what planning really is and how, in our opinion, planning is to be settled.

Planning of a national economy means, to lead national economy in such a way and to co-ordinate the development of the single branches, spheres, and regions of national economy in such a way that the proportions, necessary for a frictionless running off of the social reproduction process, are ensured. Furthermore, manpower, physical and financial means for solving all the tasks set must be distributed in such a way that the most economical use of social labour is guaranteed.

Thus, we should say:

Economic planning is the activity aiming at

- 1- establishing targets of economic characters with the intention to implement them by co-ordinated economic and social actions,
- 2- establishing or choosing means, necessary for the fulfilment of established targets,
- 3- adjustment of targets and means in order to maximize the implementation of targets at a given level of disposable means.

But, and that should be stressed, planning according to our meaning does not include passive forecasting, deprived of any intention of the direct management of the economic life, and planning cannot be considered a mere collection of different methods of how to establish economic aims, of how



to choose means, and of how to adjust them mutually. Planning is, and that should never be forgotten, an organizational activity, too, establishing links between different economic units and regions, co-ordinating their economic decisions, and subordinating their activity to the achievement of general and national targets.

What does that mean ? - In general, two things:

- 1- planning is an economic and administrative task as well; but there must be real equilibrium between these two features; that is to say, in a real system of planning economic events cannot be left to themselves; economic lawfulness has to be reflected by plans; in other words, the objective economic life has to be harnessed in such a way that the powers of economy are not oppressed but strengthened by making them homogeneous; but for being able to do so, for being able to realize this indispensable demand we are forced to reduce administrative measures in favour of economic levers without giving up economic administration completely;
- 2- so as to harness objectively happening economic events and for directing them towards an unitary social aim planning must be an unitary through-passing system comprising all the economic levels from top to bottom and the other way round as well.

What do we mean, when talking about a through-passing system of planning ? - When answering this question we should start with considering the national economy an organic aggregation consisting of several economic spheres and branches. The several branches, again, are consisting of several enterprises which, finally, can be subdivided into the single productive departments. From another point of view we can say, a national economy is composed of several economic regions or districts. Practically, we have to



use both the viewpoints, and we have to subdivide our national economy according to spheres, branches, and enterprises, on the one hand, and according to economic regions on the other; both subdivisions must be done simultaneously. That means, the national economy is existing as an aggregate system and in its single parts at every moment of time, there is no doubt; and in spite of this necessary subdivision all the single parts are closely related to each other forming the above mentioned aggregation. Every national economy can be compared with a watch-work consisting of a lot of separate wheels, but only the totality of wheels is functioning as a watch. The same holds true for every national economy.

This fact has to be taken into consideration when planning national economy. It would not be sufficient to plan the one or the other part; planning must be settled comprehensively, so as to ensure the proportional development of the single parts. Let us remember again the watch. The rotation of all the single wheels must be adjusted, therefore the size of the single wheels, the speed of rotation a.s.o must be brought into coincidence; and there must be one main gear setting into operation all the single and well adjusted wheels, springs, and axles of our watch; the same holds true for any national economy.

But, of course, a lively national economy is so what more difficult, too. But in spite of this, they are to be settled; and they can only be settled being looked upon as a whole.

That is what we mean when talking about through-passing planning. The national economy must be considered an organic whole and must be planned from top to bottom unitarily.

But that is by no means possible without some very important preconditions. The most important of them are being represented by uniform



and social property relations existing in socialist countries only.

Let us look at capitalist countries. There, property relations are marked by private ownership. Usually, it cannot be the right of a state to give orders to an enterprise not being in direct possession of the state. The private owner, of course, can be asked for acting up to the recommendations of the state, as it is being practised in the french system of planification, but never can he be forced to observe these advices like direct orders.

On the other hand, no private owner can be compelled to publish reliable figures concerning his real in-or output, concerning technical research, etc. But these figures are urgently needed by central planning authorities so as to determine in a scientifically-based manner the further development of the national economy concerned.

No private owner can be induced to produce goods prescribed by a state planning authority. Never can he be forced to invest according to state directives. A private owner is accustomed to relying on his own investigations and experiences. But, and that is the point in question, a private producer is only able to form an estimate of the economic situation from his own and limited standpoint; never from the point of view of national economic requirements.

This national economic situation can only be estimated by a central planning authority having an entire and true survey upon the economy as a whole. But under capitalist relations of production even a central planning authority would not be able at all to estimate this situation in the right way and to give proceeding from that reliable directives concerning investment and production. This is a matter of fact and reasoned in the lacking of reliable figures upon input, output, research and so on, as mentioned above.



There is no doubt, the system of planning now applied in most of the capitalist countries is marked by some advantages as compared to former times, when the whole national economy had been run spontaneously only and production happened anarchically. Nowadays, the established planning centers, by and large, are able roughly to observe happening violations of proportions. They can, therefore, in a way function as a kind of warning service, and can proceeding from their analysis, give certain recommendations; they are able to utter certain desires of the concerned country's government. But they are not able to run the national economy in such a way that the economic development could be going without any ups and downs. It is, so to say, a certain control following at a trot and not a real and forecasting planning in our sense of the word.

When speaking about planning in socialism the national economy should be looked upon as one large-scale enterprise consisting of a great number of separate and productive departments, producing for the same purpose, and forming, therefore, an integral organism. From this, all the questions of how to connect central and regional planning, planning of branches and enterprises, in other words, all the problems of how to plan national economy as a whole and in its single parts, sections, and regions can be derived.

1. Central planning and regional planning and  
their position in state management

The planful and proportional development of the social reproduction process as a whole renders necessary a steady and harmonic formation and interlacing of the manifold economic processes. This goes especially for the main proportions of the total process being recognizable and determinable to the full extent only by central organs and in a summarized manner.



Beside this and in connection with fixing main proportions the determination of the direction of scientific-technical progress within the national economic branches belongs to those tasks expected to be solved unitarily and by central organs.

That is to say, the specific physical and technical conditions of production of a modern large-scale production are to be submitted to central planning considering the branch leading principle .

This includes the clarification of regional problems connected therewith. The territorial structure of the formation and of the distribution of national income as well as the rational forming of interrelations between regions can only be determined centrally.

This priority of central planning in case of main tasks is resulting from the determining role which is played by the whole related to its parts. But the whole is effecting in its parts only, and therefore, an ever growing scale of responsibility is to be carried by the single parts, that means, by subordinated planning organs, too.

There are:

1. the directorates of the enterprises and establishments themselves; they have to organize the production process within their sphere and from the standpoint of their branches according to the most modern knowledge of science and technique; they have the capacity to realize in particular the system of economic levers and material incentives; from this, there results the management according to the production principle and the principle of branch management;



2. furthermore, there are the governorates; they have to manage, for a certain and strongly limited territory of the state, the carrying through of local and national economic tasks; but here, another question is arising; commonly, we have to distinguish between state subdivision (administrative subdivision) and economic subdivision of state territories; up to the capitalist era of historic development there was no coincidence between economic and administrative region; especially in Germany the administrative subdivision was more or less the outcome of feudal conditions of power, and in spite of the fact that in 1918 all the up to then ruling kings, princes, and other sovereigns were removed, the administrative subdivision was not changed up to 1945; then and by the occupation powers a new order was shaped arbitrarily and without considering the economic strength and conditions of the newly formed administrative regions; by this it was rendered necessary the change the administrative construction of the GDR in 1952 so as to bring to tally economic and administrative regions; of course, there is no possibility to reach a perfect coincidence between administrative and economic region; and that because of the following reasons:

- a) the economy is a steadily moving and developing one, the administrative set up of a country, however, a relatively fast one; coincidence can therefore, only be reached for a certain space of time and from time to time the administrative construction must be changed;



- b) there are no strong borders for economic regions, but only so-called border-fringes in which the economic conditions are mixed;
- c) the economic viewpoint is only one, if even the most important, reason for fixing territorial structure of a country; other factors, for instance, are:
  - the density of population
  - peculiarities and national composition of the population (national minorities, for instance), and
  - the relations of the population with certain political and cultural centers of the country

Summarizingly, the position of regional planning within the system of aggregate state management can be explained as follows:

1. regional planning has to guarantee that regional tasks are carried out in consistency with central tasks; in other words, regional planning has to function so as to combine national economic development in its parts and as a whole;
2. from this there appears that regional planning institutions have to make concrete the central setting of tasks and to specify central tasks according to regionally given conditions and requirements (but always taking into consideration central requirements and the aggregate national economic development )



## 2. Basic principles of regional planning

For being able to plan the prospective development of economic regions first of all the prospective development of economic branches has to be fixed; this so because by regional plans the regional co-ordination of development tasks of the single branches is being respresented.

When elaborating proposective plans of branches already the requirements of a rational and regional distribution of production has to be taken into account.

When distributing the production of the single branches regionally and when developing the separate regions from the economic point of view certain principles have to be taken into consideration:

1. the highest possible approach of production to raw-material sources and to the centers of consumption is necessary so as to avoid unrational transportations. In case of heavy industry based on extractive industry it is, as a rule, purposeful to establish those enterprises closely situated to raw-material sources. The principle of approaching to centers of production goes for unmerous branches of food production.
2. the planful division of labour between economic regions is indivisibly connected with specialization from the point of view of production. Division of labour between regions leads to productive interlacing of separate productive branches exceeding the borders of regions. Specialization of a certain region is marked by those branches producing essentially above the demand of the region and selling, therefore, their goods to unmerous other regions. Specialization of economic regions



is the most important factor of a rational and regional division of labour . It depends upon certain conditions:

- first, of all, upon the geographical level of the region concerned; to this there are belonging:

mineral wealth or a favourable combination of mineral wealth respectively,

specialities of soil and climatic peculiarities (specially important for agricultural production);

- secondly depends specialization upon historic development and upon the economic structure resulting from that;
- thirdly depends specialization upon general economic conditions; it depends, for instance, upon the level of economic development (from the national economic point of view ) whether certain mineral wealth can be utilized or not.

Generally speaking, a rational specialization of economic regions has to serve so as to utilize completely the productive peculiarities and the manpower resources of the region concerned. It serves so as to minimize inter-regional trans-transportation and so as to diminish or even to abolish differences regarding the level of development of the single regions.

A rational specialization of economic regions is only possible, when it is compensated by a manifold economic development concerning goods of mass consumption.

3. the principle of building up new towns and industrial centers in relatively backward areas of the country concerned so as to promote economic and cultural development in rural areas and to remove differences between rural and urban districts.
4. the economic development of single regions has to be subordinated to the aggregate national economic development



### 3. Organization of regional planning

The uppermost organ of regional planning has to be represented by a central planning authority. In the case of the GDR it is being represented by the State Planning Commission. This central planning authority has to shoulder the responsibility for the planful and proportional development of all the separate regions. Under its supervision prospective plans for the economic development of the separate districts have to be elaborated.

When doing so, the central planning authority has to proceed from the analyses of districts and from the tasks which are to be solved within the forthcoming planning period and within the aggregate national economy and the separate branches as well.

Starting from this, the tasks of the national economic plan have to be divided up to the separate districts. Furthermore, the economic relations between the regions and the location of the economically most important investment have to be fixed.

Within the administrative and economic regions regional planning authorities are to be established. In the GDR and in all the European socialist countries they are existing since a long time. Their task is (or must be) to concrete orientation data which are given from the central planning authority to the districts and to fulfil in such a way plans with life.

The basis of regional planning has to be represented by the economic development program elaborated on the basis of economic analyses of the region in question.



Regional development plans are expected:

- a) to co-ordinate the economic and cultural development of the separate regions,
- b) to fix the location of further production and the distribution of productive capacities within the region and
- c) to ensure an adequate development of the population's standard of living.

As mentioned above, starting point for development programmes of regions have to be :

- the prospective plan of the national economy,
- the prospective plans of the separate branches, and
- last not least, the analysis of the region.

In this analysis there are to be analyzed:

- a) administrative figures as: number and size of country, town, communities; area of the region, etc.
- b) natural conditions of the region; as climate, mineral wealth, condition of the soil, water resources, vegetation, fauna, etc.
- c) figures concerning population, composition according to age, number of manpower, occupational grouping, figures concerning manpower resources, investigations concerning manpower fluctuation and so-called walking workmen (walking from region to region),
- d) development and distribution of production; most important indicators of industry, agriculture and traffic,
- e) provision of the population; i.e. commodity turnover, organization of trade, housing, communicational system, cultural establishments, medical services, etc.



As mentioned earlier, the ensurance of the proportional development of the region itself and within the national economy as a whole must be considered the main task of regional planning. From this the special tasks are resulting.

Let us pay now attention to them.

#### 4. Special tasks of regional planning

##### 4.1. Regional co-ordination of manpower

By means of regional manpower planning the mobilization of manpower resources of the region and their distribution to the separate branches is being carried out so as to meet national economic tasks to be realized by the region.

This task of planning manpower is of special importance for developing countries. This so, because a major objective in economic development is to provide work for currently under-employed and unemployed workers. Furthermore, in the course of economic development new working possibilities are coming into existence. This fact leads to certain changes. Workers, for instance, working up till now in agriculture or agricultural enterprises see new possibilities of work in industry and want to change their jobs. In economic development social changes are taking place leading to changing wishes of employment, too.

But it should be stressed, in developing countries the second fact is at present not the most important one. The main objective of development planning and of economic development itself is to shape employment possibilities; and this not only for the present, but also for



2. the future situation of manpower; comprising
- a) human resources development based on reasonable expectations of population and especially manpower growth,
  - b) for regional planning authorities, and out of the expansion of industrial capacities and the building up of completely new enterprises within their regions, the task is coming into being to ensure the setting into operation of these capacities by making available necessary work forces,
  - c) according to development plans the change in occupational structure has to be taken into account, i.e. has to be planned,
  - d. but there is a certain mutual effect between occupational structure and economic development; that is to say, the already existing occupational structure has to be taken into consideration when drawing up development programmes,
  - e. one of the most important problems of regional manpower planning, is the problem of migration of workmen (migrating not from the national point of view, but from that of the region; so-called walking workmen, or season-ticket holders); this is of importance in a twofold regard :

firstly: the extent of inter-regional-migration (especially in case of far distances) can be looked upon as a yardstick for regional proportionality or disproportionality respectively being of bad influence on workers, for this wandering goes at the expense of their leisure time restricting the possibilities of qualification and cultural activities, or effects, perhaps, avoidable changes concerning health,



secondly: this inter-regional-migration movement is also harmful to the national economy directly; and by that high charges on passengers-traffic, by resulting losses of working time, additional expenditures, etc. A third problem is coming into being which should be dealt with in the following paragraph, for it touches the problem of provision; by migrating workmen the adjustment of the population's monetary receipts and expenditures is being made somewhat difficult.

For summarizing the problem of manpower and the tasks coming into being for regional planning institutions we should state:

It is the task of regional planning institutions to guarantee full coincidence between demand for manpower and available resources concerning a certain space of time, concerning the several national economic branches and with due regard to professions and qualifications;

This can only be done by means of balance-sheets of manpower the setting up of which has to be started by analysing manpower situation as mentioned above .

From manpower balance-sheets there appear important references regarding regional distribution of production, planning of traffic and communication, planning of housing and for planning social and cultural establishments.

These mentioned balance-sheets could look like the following scheme:



BALANCE-SHEET OF MANPOWER RESOURCES

	Total	thereof female
I. Total of manpower resources, thereof:		
1. population in working age		
2. working pensioners		
II. Distribution of work forces to:		
1. Industry (subdivided according to branches)		
2. Agriculture and forestry		
3. Building industry		
4. Producing handicrafts		
5. Traffic		
6. Trade		
7. Branches outside material production		
8. Pupils, students and trainees		
III. People out of work (but capable of work		



BALANCE-SHEET OF DEMAND FOR MANPOWER AND  
FOR COVERING DEMANDS

Branch of Profession	Number of manpower		Demand for manpower			Covering of demand		Setting free (+) or uncover- ed demand (-)
	Beginning of the plan year	End of the plan year	Additional demand	Replacement for natural or other losses	Total demand	Finishing apprentices	New enlistment	
I. National economy as a whole								
II. According to branches								
1. Industry								
2. Agriculture								
.								
.								
III. According to professions								
1. Lock-smith								
2. Bricklayer								
.								
.								
.								



The second balance-sheet has to be seen in close connection with the plan of labour productivity and wages, since the number of needed manpower (especially regarding additional demand) mainly depends upon the development of labour productivity. Moreover, it forms the foundation for the tasks to be fixed within the plans of vocational education.

Regarding the third point of subdivision (according to professions) the balance-sheet is to be specified according to qualifications; especially with due regard to highly educated personnel.

It goes without saying that these regionally elaborated balances have to be concentrated and they have to find their highest completeness as central balances analysing the situation for the national economy as a whole. This holds true for all balances and plans according to the principle of through-passing planning.

#### 4.2. Regional co-ordination of technical provision and transportation

A special group of inter-and intra-regional relations is resulting from the necessity of providing production centers, dwellings, and establishments of social services with energy and water.

The necessity of regional co-ordination is resulting in this case from the peculiarity of these performances being in need of a special system of distribution, the capacity of which is not being determined by the requirements of one branch or sphere, but by the demands of the totality of branches and spheres and by the requirements of the population as well. In case of providing the region with water and energy the problem lies less in co-ordinating formation (production, output) and demand, but in co-ordinating demand and capacity of the system of distribution leading to the location in question.



The development of the region's economy and population, especially the development of the branches of material production as main consumer of water and energy, has to be co-ordinated under the point of view of developing energy and water distributing capacities simultaneously. This is all the more important as water and energy distributing and producing capacities usually are of high investment expenditures. Therefore, they have to be planned in such a way that they are not only able to cover the present demand, but also that of the future, or that it is possible to extend them according to the increasing demand and step by step.

When planning capacities, we have to take into consideration that it is impossible to proceed from the average demand, since these kinds of performances are marked by seasonal changes and changes during different daytimes where consumption is different, too. When planning water and energy capacities the so-called top-level demand is playing an important role.

Another problem which should be mentioned here is the problem of planning transportation.

We have to distinguish between

1. transportation of goods, and
2. transportation of people ;

Especially the transportation of goods is a matter of inter-regional interlacing and has to be planned and co-ordinated very carefully.

The best solution would be by means of interlacing balances. That is to say, the inter-regional flow of commodities and goods should be



fixed in commodity interlacing balances, in virtue of which interlacing balances of transportation could be established.

The main task of regional planning institutions consists then in the co-ordination of the totality of goods to be transported and the possible performances of the single transporting enterprises.

In this connection special attention must be paid to the following crucial points:

1. adjustment between planning of transportation and development of production;
2. most favourable choice of means of transportation according to the kinds of goods to be transported (sensitivity of goods, etc.) and according to the distance of transportation,
3. optimization of transporting performances at all (avoiding of unnecessary transportations by choosing optimum relations between producing and consuming centers, on the one hand, and by forming optimum transporting quantities, on the other.)
4. optimum utilization of factorily-owned means of transportation in local traffic.

Another most important problem which is to be settled by regional planning institutions and in this connection is the planning of the intratown passenger traffic. On the development of the intratown traffic the whole functioning of the city is depending.

Therefore, it is an important task of regional planning institutions to co-ordinate in prospective plans the whole development of cities and regions with the development of traffic.



#### 4.3 Regional co-ordination of building demand

Another problem we should touch is the problem of co-ordinating building demands.

Building industry has, by means of architectural performances relationsto all branches and spheres of national economy. Therefore, the whole development of regions is more or less reflected when co-ordinating building demands. On the other hand, the regional co-ordination of building demands and existing building capacities is paying an active role in fixing investments and when determining their temporal carrying out.

Thus, regional development programmes have to be adjusted with the development of building industry so as to guarantee the materialization of development programmes.

The following points of view have to be taken into account:

1. despite the nonstationary character of building capacities and conditioned by the peculiaritiesof building products (consumption at the place of production) the regional building demand is faced with limited regional outputs, therefore,
2. intraregional proportions between regional demand and regional output can only be considered in close connection with inter-regional relations,
3. coincidence between building demand and output can only be reached from the national economic point of view, within regions always deviations will be happening



From this it appears that the co-ordination of building demands and outputs is one of the most important tasks for regional planning institutions, and it appears, furthermore, that this task can only be solved by means of building balances (building balance-sheets) established for counties, districts, and for the national economy as a whole.

On the basis of these building balances the following tasks have to be solved ;

1. prior rank must be given to the ensurance of building demands resulting from the development of leading industrial branches,
2. summing up of the regional building demand along with guaranteeing coincidence between planned demand and central orientation data; proving all possibilities for reducing building demands by utilization of all architectural establishments within the region,
3. regarding interregional offset of building capacities (constructing capacities) so-called center programmes (crucial tasks) have to be taken into account; a question, only to be solved in close collaboration between central and regional planning institutions.

#### 4.4. Regional co-ordination of investment

In the regional co-ordination of investment we will find a summarized expression of all the problems connected with the aggregate development of a region.

That gets to be obvious when considering investment planning for establishing a completely new and large-scale enterprise.



The following questions will be coming into existence:

1. disposition of necessary manpower by utilizing local manpower resources, planful re-distribution from other branches and spheres, and by means of settling new work forces and their families, and ensurance of their provision and care;
2. the supply of the new enterprise with water, electricity, and warmth, and the ensurance of the removal of waste water (eventually, extention of producing and distributing establishments as power stations, drainage systems, etc.)
3. connection with the system of traffic (railways, roads, etc.) , ensurance of passengers traffic , disposition of transporting capacities, etc.

In this connection it has to be considered that investments in the single branches and spheres and according to size and direction are marked by different influences on the development of the regional structure and that they will lead to different demands to be fulfilled by the region so to ensure the functioning of the investment. Therefore, when preparing investment the question is coming into being to analyse, in close collaboration with all participating planning institutions, the developing and changing interlacing relations; inside the region as well as outside.

Through the co-operation of state organs in case of investment planning it is to guarantee that, together with the carrying out of investments, problems of the comprehensive regional development get to be solved. That concerns especially the utilization of hitherto deficiently used regional resources, the development of cultural and economic centers within the region in question, the reconstruction of cities, the unburdening of congested areas and the gradual abolishing of differences between rural and urban areas.



The effective adjustment of investments of the separate branches and spheres and the regional development has to be ensued, on the basis of scientific regional planning, by central planning organs. This so, because scientific territorial development planning renders necessary a clear conception of the prospective development of the aggregate national economy.

The most important task in case of regional investment planning consists in shaping rational relations of production within the region. That means, regional co-ordination of relations of production has to be concentrated, first of all, on the development of optimum and mutual interlacings of regional special productions and their relation to regional supplementary productions.

The marginal point of rational interregional interlacings will be found there, where the advantages of concentration at a few places (locations) are bigger than the disadvantages resulting from relations over large distances and vice versa. By that, a special role is played by the connection between transporting expense and possible increase of labour productivity in case of specialized large-scale production. This relationship is a changing one according to the development of communications, technique of production, and size and density of demand.

We have to distinguish in this context between two distinct groups of production :

1. those productions able to be concentrated to a high extent without losing effectiveness; for instance, heavy industry, metal processing industries, etc. and



2. those productions bound either to certain raw material resources or to certain centers of consumption the limitation of which renders necessary a certain deconcentration of production; this holds true, for instance, in case of:
- decentralized existence of raw materials the transportation of which would be inexpedient because of high transporting sensitivity or transporting intensity respectively,
  - decentralized consumption on the one hand, and high transporting sensitivity or intensity of finished goods, on the other (for instance, in case of dairies a.s.o )
  - repairing performances.

4.5. Co-ordination of regional relations  
concerning population's provision  
and care

The proportional development of regions requires the preservation of regional proportionality concerning population's provision and care, too.

The necessity of territorial and regional planning of proportions of provision is especially resulting from the necessary coincidence between distribution of providing establishments and performances and the distribution of the population by taking into consideration the population's structure according to age, genus, social position, and income as well as concerning consuming habits and their tendencies of development.



There have to be planned :

1. the population's provision with means of consumption;  
including repairs necessary for maintaining their functioning,
2. provision with services,
3. performances of the educational system,
4. of the system of health and social services and of other  
spheres outside of material production.

The planning of the development of providing relations has to be settled in several working stages;

after an analysis of the reached level of development, the development of regional requirements is to be investigated; the most important foundation for doing so is represented by an analysis of the present and future population according to size, age, genus, structure of occupation, household, and income there have to be attributed so-called conceptions of consumption and scientifically-based standards of consumption and provision and their concretement according to the special conditions given in the region in question; on basis of the requirements, the analysis, and on the basis of the fund of consumption being available, the proportions being valid for the planning period can be fixed and necessary measures for developing the system of provision can be determined.

Differentiated analyses of the standard of living usually are showing that among and within separate regions different structures of consumption, and different consuming habits are existing.



These differences are coming to the forth:

- regarding the degree of provision with means of consumption and performances of spheres outside of material production,
- regarding the density of the system of providing and caring establishments,
- regarding possibilities for utilizing leisure time (due to different spatial relations between dwellings and working places existence of theatres, cinemas, etc.)
- regarding different conditions of regional passengers traffic,
- regarding conditions of labour and income which are different in virtue of different economic structures.

The differentiated analyses are of importance in a twofold regard:

1. the mentioned differences cannot be eternal ones, they have to be removed as far as not natural conditions or living and consuming habits are concerned,
2. they (the analyses ) are foundations for planning regional requirements.

Another problem should be touched.

Regionally considered there is - opposite to the national economy as a whole - no direct connection between produced net product and its distribution. The distribution of the available national income to several social funds (accumulation and consumption) is carried through in the framework of the aggregate national economy; that is to say, the distribution of funds to separate branches and districts is a matter and can only be a matter of aggregate national economic planning. Otherwise, for instance, differences concerning the economic development of separate districts could never be



removed and poor districts would remain poor districts because they are poor. The so-called vicious circle of poverty invented from western economists for developing countries would be in this case (but only in this case) a real one.

Foundations for regional planning of funds (fund of commodities, fund of investment for maintaining expanding establishments of social production, etc.) are given, therefore, by central directives or indicators which again, are basing on analyses, mentioned above, and on national economic necessities decided by central planning authorities.

For an example. One part of the socially produced national income is determined to be consumed. According to the analyses, the social fund of consumption is distributed to the separate regions, districts, counties, and communities. The distribution (detailed distribution within the regions etc.) is rendered by means of balances of monetary receipts and expenditures of the population. That is to say, there is one central balances of monetary receipts and expenditures being valid for the republic as a whole and regional balances for all the subordinated territories. The main task of these balances of receipts and expenditures consist in ensuring the proportionality between purchasing fund and available fund of commodities. Therefore, such a balance is set up follows:



BALANCE OF MONETARY RECEIPTS AND EXPENDITURES OF  
THE POPULATION

Receipts	Expenditures
1. Wages and salaries	1. Expenditures on commodities (retail trade, energy, traffic performances)
2. Income of members of co-operatives	2. Expenditures on construction and repairs of houses and flats
3. Income of independents	3. Payments for services and re- compenses for using establish- ments of social consumption and public administration
4. Pensions, sick benefits, reliefs	4. Taxes
5. Gains of lotteries	5. Payments for social insurance
6. Payments of insurances	6. Payments for insurances
7. Repayment and payment of interest on government loans	7. Contributions for social organization
8. Interest on deposits	8. Purchase of lottery-tickets
9. Decrease of deposits	9. Interest on credits
10. Increase in credits	10. Increase in deposits
11. Decrease of cash-holdings	11. Decrease of credits
	12. Increase in cash-holdings



For regional planning institutions it is of interest that size and structure of the purchasing fund depend upon a series of factors different from the point of view of separate regions.

In case of regional balancing of monetary receipts and expenditures certain monetary migrations have to be taken into account. That is to say, the realization of monetary receipts, their turning over into commodities, can be bigger or smaller than those incomes resulting from activities carried out within the region. This fact is due to so-called monetary migrations which can happen as monetary emigrations and immigrations as well (always the standpoint of one certain region), which are due, again, to walking workers (living in region A and having the bulk of their expenditures there, but working in region B and getting their income from enterprises or establishments of this region) or to supralocal functions of single districts and cities functioning as purchasing centers, for instance, or as holiday centers. The expenditures, e.g. done in Alexandria during summer time will be much higher than the income resulting from activities carried out in this region during the same time.

We have to state, therefore, that for reasoning the funds of commodities the knowledge earned out of the balance of receipts and expenditures will not be sufficient. And that for two reasons:

1. the monetary migrations must additionally be made visible, and
2. the item (1) "Expenditures on commodities" has to be subdivided according to its structure of demand.

That is to say, in addition to the balance of receipts and expenditures a so-called comprehensive plan of provision should be set up by regional planning institutions according to the following points of view :



1. the plan should proceed from an analysis of the region analysing, temporarily subdivided;
  - structure of income,
  - monetary migrations,
  - available fund of commodities,
  - existing providing capacities,
2. the population's purchasing fund has to be adjusted with the plans of commodity turnover, the collaboration between trading and producing establishments has to be fixed, the proportions between retail and whole sale trade has to be ensured, the according store-holding has to be guaranteed and certain measures for specializing trading organizations have to be drawn up,
3. measures for developing services are to be fixed taking into account
  - full utilization of existing capacities, and a
  - rational construction of the system of services ,
4. the tasks for the separate branches and spheres for amending the populations provision should be fixed.

The problem of housing policy is a special task in regional planning of population's provision.

The regional planning of housing is to be carried out in connection with the requirements resulting from the regional distribution of manpower (settlement of workers within quickly developing centres and under the point of view of rationalizing relations between working places and dwellings) and as an ingredient of the reconstruction of cities as well as under the point of view of developing rural systems of settlement. It goes without



saying, that housing policy has to be in line with shaping all the necessary establishments for providing people with commodities, services, a.s.o. That means, planning of housing has to be co-ordinated with planning of municipal economy in general.

By municipal economy all those requirements are to be satisfied resulting from the organization of life within settlements Essentially, it is comprising house keeping services, cleanings, dye-works, etc, and local economic services, as rubbish, water supply, electricity, local traffic, parks, bathes, a.s.o.

Another group of regional relations is resulting from the necessity of providing people with services of the system of health and social security, with the system of education and culture and with services of other spheres outside of material production.

Foundation for co-ordinating these relations are formed by regional balances of population, by balances concerning capacity and manpower, and as far as questions of financing are concerned the foundation is given by the municipal budget or its plan respectively.

Summerizingly, we should state:

for ensuring people's provision with food and other services it is necessary to consider meticulously the existence of certain proportions between supply and demand. Therefore, it will be necessary to plan monetary receipts of the population and the materialization of these receipts in the widest sense of the word; i.e. , by planning the development of people's standard of living in general.



This is a task not to be solved by regional planning institutions alone but mainly by them and in close collaboration with superordinated planning authorities.

#### 5. Foundations of regional planning

Planning foundations are represented by:

1. regional economic analyses,
2. regional economic development programmes,
3. directives for elaborating prospective and annual plans given by central ( or superordinated) planning authorities, and finally, by
4. analyses concerning covering of plans.

Let us deal at first with regional economy analyses.

By means of regional economic analyses an estimation is to be elaborated making clear reached level of development of productive forces and of relations of production. By means of this analysis the development of the region's economic relations are to be investigated without considering the administrative subordination of existing enterprises and establishments. That means, first of all, the existing industries have to be investigated, their level of specialization according to industrial and economic branches and their effect upon the development of the regional structure. Furthermore, the level of development of production regarding applied technological procedures, regarding the level of mechanization and automation, and regarding the quality of produced goods must be analysed.



Exceeding this, the requirements of the branches for energy, water, transporting capacities, deliveries, manpower, etc, have to be ascertained and to be balanced with the regional conditions.

Therefore, the question is, to make visible those preconditions available for the development of branches existing within the region, and in turn, all those requirements have to be investigated which are to be met in favour of the region. That is to say, there are two groups of requirements to be investigated:

- a) demands of industrial branches on economic regions and
- b) demands of economic regions on industrial branches.

In this connection the resources of water and energy and the possibility of their extension have to be investigated, the conditions of the system of transportation as well as transporting capacities (subdivided according to sorts of transportation ) have to be judged. The preconditions and possibilities for covering building demands, according to structure and temporary running off, and the possibilities for expanding constructing capacities have to be proved. Available areas, their utilization and possible extension (for building grounds, for instance ) have to be analysed, and, finally, the existing establishments for providing people with material goods and social and cultural performances as well as the possibilities of their extension have to be investigated.

The regional economy is representing one part of the social reproduction process. It is connected, by means of its special production and special services, with all the other economic regions and with the national economy as a whole. On the other hand, however, there is developing, on the basis of special production and services, a number of inter-regional relations of interlacing. It is the task of regional economic



analyses to investigate these interlacings and to find out optimum variants for the rational combination of all elements of regional economy.

Thus, the regional economic analysis makes visible possibilities for expanding already existing branches within the region or possibilities for locating new ones respectively. Necessary deconcentration in eventually congested areas can be made visible and branches not suitable for given economic conditions can be removed.

Furthermore, from this analysis the knowledge is resulting as to the rational location of productive forces ensuring the highest-possible effectiveness of investment, to the most purposeful formation and combination between structure elements of regional economy, and, finally, concerning building plans set up for counties, cities, and communities. That is to say, these analyses are forming the most substantial precondition for the next foundation of regional planning, namely the regional development program.

By it, the conclusions made out of regional economic analyses are to be connected with the prospective basic conception for developing the regional structure on the basis of centrally elaborated economico-political aims.

When balancing the prospective development program the elements and proportions of the regional economy have steadily to be brought in line taking into consideration the probable alteration which will be happening within regional economy.



On the basis of such development programmes prospective plans as well as annual plans can be set up by state organs. There, the main tasks are as follows:

1. regional co-ordination of reconstructing plans of enterprises, branches, spheres and regions for accelerating scientific-technical progress,
2. regional adjustment of manpower, investment, and production plans (as well as plans of performances) of the most essential enterprises within the region,
3. the comprehensive conception for increasing people's standard of living (from the physical as well as cultural point of view),
4. socio-political measures for the population's development, and finally,
5. proposals for better utilization of given natural conditions.

As mentioned earlier, regional economy is forming one part of aggregate national economy. The whole, however, can only be functioning well, if the development of all the parts or ingredients forming the whole are most possibly adjusted to each other. This necessary adjustment can only be reached when considering the fixing of main trends of socio-economic development a central task.

Therefore, in European socialist countries directives are given by central planning authorities fixing the aims of regional development; of course, on basis of the mentioned analysis and in close collaboration between regional and central planning institutions.



Those centrally given directives are more or less rough figures which have to be more specified by regional planning authorities and according to special conditions given within the region so as to ensure, finally, the aggregate national economic development program.

By concreted regional directives there are implied:

1. main trends of regional economic development, especially concerning those factors determining the structure of the region in question; as, for instance, the decisive aims of production and development of the most substantial industrial branches and of agriculture, the essential objectives of investment, and other aggregate state tasks concerning, for instance, the extension of holiday centers, a.s.o.,
2. decisive tasks for ensuring aggregate state tasks and for ensuring the proportional development of the nation as a whole as well as the comprehensive development of the region and its parts respectively.

Another foundation for regional planning is given by analyses concerning the fulfilment of plans. As certainly know, there is no real planning without following up the fulfilment of plans. Planning, and following up are indivisibly and indispensably belonging together.

These analyses have to be elaborated by means of balance-sheets. That means, we have to distinguish in planning between planning balance-sheets and reporting balance-sheets. By reporting balances the initial stage of planning the next period is represented.



For instance, by means of manpower balances (reporting balance-sheets) it can be controlled, whether the goals set for mobilizing available manpower resources could be reached, whether the distribution of manpower happened true to the plan or what not. At the same moment of time, i.e. simultaneously, the reporting columns of this balance showing the fulfilment of task are startingpoint for setting up the new plan.

The same holds true for all the other balances.

One crucial point of this balancing and analysing activity is formed by the investigation of applied methods of management.

#### Final remarks

When considering regional planning we have, first of all to think of the fact that regions are nothing but the ingredients of the closely connected national economy. They are, within the national economy, functioning relatively independently, but even as parts of the whole; and there is no doubt, I think, the parts can only be functioning well, if the whole is functioning and, of course, vice versa. From this it appears that regional plans have to be nothing else than essential ingredients of a comprehensive national economic plan. Proceeding from this fact we have to pay due attention to the adjustment of the single regional plans forming finally the total plan.

The national economic development is a development in proportions. These proportions are objective ones existing also without planning. But the question is to meet them. In case of unplanned economic development the covering of proportions happens accidentally wasting, in such a way, lots of time and money. In case of a planned national economic development these objectively existing proportions have to be recognized and reflected in the plans.



It goes without saying that regional planning institutions are unable to recognize proportions being necessary for the aggregate national economic development. Thus, the main trends of economic development affecting the national economy as a whole have to be fixed by centralized organs having a survey upon the national economy as a whole. On the other hand, however, planning authorities will not be able to estimate exactly the situation within regions. That is why national economic planning must be combined with regional planning. And in this relation it is the task of regional planning institutions to make the general directives given by central planning authorities more concrete. What does this mean 'detail'? planning can not be the matter of centralized planning authorities only, nor that of decentralized ones either. Planning must rather be realized in close collaboration of central planning institutions and regional ones. And that in such a way that some main indicators fixing the aggregate national economic and proportional development are to be given by central authorities able for estimating national economic and therewith, at least by and large, regional economic necessities. These rough and common indicators have to be concretized by regional authorities according to the special conditions (natural and socio-economic conditions as well) given within the region concerned.











