

# Introduction planning is an innate nature of human

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INTRODUCTION Planning is an innate nature of human beings. This can be reflected in the words of Descartes, who proposes - 'Cogito ergo sum', I think, therefore I am. If so, how can planning be left out while understanding economic development? The idea of economic planning became popular post the WW II, when many of the countries started searching for strategic ways to come out of the crisis at hand.

Its first experiment was made by Soviet Union in 1928. After that, many countries have followed their foot steps. Numerous economists have made an attempt to define economic planning. One such wholistic definition was given by H.

D. Dickinson ;-" Economic Planning is the making of major economic decisions what and how much is to be produced, how, when and where it is to be produced, and to whom it is to be allocated by the comprehensive survey of the economic system as whole". In short, it can be understood as mapping out optimum resource allocation for a guided economic development. But, who does the planning? It's part of an academic debate whether planning should be considered a socialist phenomena. But on closer observation, even market oriented capitalist economies like the US employ planning up to 20%. Ha-Joon Chang highlights that 'economic development requires a state which can create and regulate the economic and political relationships that can support sustained industrialisation'. This is mostly the case with India and ROK. Both the countries came out of devastating colonial experience while Korea went ahead to have an adverse experience of Korean war as well.

The countries past experiences, required the governments to come up with a strategy to cope with the crisis. In the case of India, Planning Commission of India was the apparatus used by the government whereas in South Korea, Economic Planning Board took lead for the Park Chung Hee regime. The paper tries to understand nature of planning undertaken by both the economies. This study is conducted by analyzing the functions of India's Planning Commission and South Korea's EPB. The paper tries to identify the factors that made these pilot organization effective/ineffective and how they managed to guide the growth of these two economic giants of Asia. THE GENESIS Planning Philosophy An agriculture based economy with high levels of population, poverty level, low levels of education, health- This was the condition of India and South Korea, at the eve of their independence.

South Korea went through the Korean War that highly damaged their existing infrastructure and industries. The idea of planning was already existing before Independence. Infact, Nehru's planning commission was a descendant of the National Planning Committee that Subhas Chandra Bose had set up at the suggestion of Meghnad Saha when he was the president of the Congress, with economist K T Shah at its head. Nehru's goals for the indian economy is well reflected in his speech at the eve of Independence, where he draws attention to " the ending of poverty and ignorance and disease and inequality of opportunity". Thereby, making a way for welfare state economic development. The idea for planning commission was borrowed from the Soviet union. As for South Korea, the idea of planning was existant even during the Korean War. Later attempts were made by the US as well to establish economic goals by sending experts to conduct survey.

However, serious attempts were made by Minister Insang Song of the Ministry of Reconstruction (Buheungbu). He established the Economic Development Council in April 1 1958, under his Ministry. It aimed for a three year economic developmental plan. Another unsuccessful attempt to establish a five year economic plan was made by the short lived regime of John M chang (August 18 1960- May 16 1981).

However, it was in the Third Republic, under the leadership of Park Chung Hee, Five Year Plans (FYP) was established in 1962. Establishment and Administration The Planning commission was set up on 15 March 1950. It got dissolved in 2014. It was established in accordance with article 39 of the constitution which is a part of directive principles of state policy. The commission comprises of the Prime minister as the ex-officio chairman, committee has a nominated Deputy chairman, who is given the rank of a full cabinet minister.

The cabinet minister with certain important portfolios such as minister, chemicals minister and fertilizers minister, information minister, law minister, HRD minister and minister of state of planning. act as ex-officio members of the commission. While the full time members are experts of various fields like economics, industry science and general administration.

In the annual report of 1999 of planning commission, the following was stated as the core function ; -Assessment of the material, capital and human resources of the country, including technical personnel, and formulation of proposals for augmenting such of these resources as are found to be deficient ; Formulation of Plan for the most effective and balanced utilisation

of the country's resources; Definition of stages in which the Plan should be carried out on a determination of priorities and allocation of resources for completion of each stage; Determination of the nature of the machinery necessary for the implementation of the Plan in all its aspects; Appraisal from time to time of the progress achieved in the execution of each stage of the Plan; Public Cooperation in National Development; Hill Areas Development Programme; Perspective Planning; Directorate of Manpower. Apart from these, the National Development Council was set up in 1952, in order to facilitate better cooperation between the state and the Planning commission. The planning commission works as various divisions such as the General planning division and the Programme administration division. The Park regime decided to take charge and lead the staggering economy into rapid growth. They aimed for growth first policies. In order for this, various steps were taken. Two of them being centralization of banks and establishment of Economic Planning Board in 1961. The EPB can be considered as a 'super ministry' headed by the Deputy Prime Minister.

The board comprises of subject experts and works in conjugation with each ministry's office of planning and budgeting. EPB was founded as an organization with four bureaus, 19 divisions and 228 staff upon consolidating the Overall Planning Bureau and Material Resource Mobilization Planning Bureau from the Ministry of Development, the Bureau of Statistics from the Ministry of Home Affairs, and the Budget Bureau from the Ministry of Finance. Furthermore, the EPB had two affiliated agencies: the Land Management Agency, for carrying out land-related affairs; and the Public Procurement Service, for administering the procurement and supply of

domestic and foreign material resources. Their functions involve annual planning( began with second FYP) and coordination of government budgets, major programmes and five year plan targets. The board allocated resources, directed the flow of credit, and formulated all of South Korea's economic plans.

However, in the late 1980s, the power to allocate resources and credit was restored to the functional ministries. The later on, In 1990 the Economic Planning Board primarily was charged with economic planning; it also coordinated and often directed the economic functions of other government ministries, including the Ministry of Finance. The board was complemented by the Korea Development Institute, an independent economic research organization funded by the government. Five year plan and growth rates Source ; Jagran josh 29th June 2017 SOURCE ; Wikipidia. org Planned rational or not Johnson introduces the concept of planned rational state as a strategic or goal oriented approach to economy. Its main highlight is the kind of industrial policies formulated. These policies bear fruit with the collaboration of the private business and the government.

What makes planned rational states effective is the fact that they use a mechanism of state intervention, which is market conforming. If this concept is taken to understand the planning experience of Korea, we can call it a planned rational state. The EPB's strength laid in the kind of industrial policies they brought out that evolved with time. In the beginning the policies were aimed at strengthening the foundations of an economy and focused on institutionalizing basics like taxing. When it came to the 3rd FYP

focus was on HCI - heavy chemical industries. This was supported by social policies that created an educated human resource to maintain the economic productivity.

This was transformed into policies like SAMaul that played a key role in reducing the urban rural disparity. When it comes to India, although the government tried putting forth a strategic planning, the long term goals were vaguely defined. This can be taken as reason why India's attempt for heavy industrialization during Nehru's time didn't bear much fruit as in the case of South Korea. The resource allocation and identification of key industries wasn't done accurately. Even today when the GDP is taken into account, agriculture, which the largest occupation in the country, only contributes 12% to the GDP.

Due to the cultural and geographical diversity in the country, a bottom up policy is more effective. CONCLUSION India can't be considered a planned rational state for two reasons - lack of sector specific long term goals and a lack of deep collaboration between the private business and the government, like in the case of East Asian countries. This collaboration, which is a key feature of developmental state, was successful due to a spirit of 'no free food' goal achievement that was maintained by the South Korean state.

Maybe when the government decides to step down from its role of God father to various industries, a planned rational Indian state will be soon in the making. REFERENCES Song Byung Nak (1990) 'The rise of the Korean Economy', Oxford University Press. Kuznets Paul . W (1994) Korean Economic

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