

## A COMPARATIVE STUDY OF INDICATIVE PLANNING IN TURKEY AND PLANNING IN SOCIALIST COUNTRIES

Anatoly POROKHOVSKY\*

Thanks to national planning, Turkey managed to change the structure of her GNP considerably, although her economy proved to be vulnerable to the internal and the external shocks encountered in the '70s. The experience of Turkey suggests that, in the future, improvements are required in the mechanisms of planning processes and the implementation of the national plan. The functions and principles of socialist planning, on the other hand, are different from those of "indicative" planning, since the former is determined by the nature of the socialist system and the objective laws governing its development. The most important reason for the existing bottlenecks and disproportions in the Soviet economy is probably the habits and conventions reminiscent of the period when the quantitative rather than the qualitative loomed the largest.

1981 is an unusual year. We celebrate the centennial of Kemal Atatürk's birthday, the birthday of the founder of the Modern Turkey. 60 years ago the first agreement between Turkey and Soviet Russia had been signed. Our people never forget that Vladimir Lenin, the founder of the Soviet state and Kemal Atatürk, the founder of Modern Turkey, initiated the peaceful and mutually beneficial cooperation and friendship between our nations. In the 'Twenties, even in that difficult period for our people the Soviet Government awarded one hundred scholarships for the Turkish students providing them with training at our universities.

If we look at the history of Modern Turkey I think everybody agrees that Planned Development in Turkey is inseparable from the name of Kemal Atatürk, with **etatist** policy. In 1924 the programme of Railway construction for 10 years had been approved. In 1934 the principles of **etatism** became the part of the Constitution of the Turkish Republic. At the same time, the country

(\*) Assoc. Prof. Dr., Moscow State University.

began to implement the first Five-Year Industrialization Plan, 1934-1938. It is well known that the Soviet Union helped Turkey to reach planned goals. The fulfillment of the Second Five-Year Industrialization Plan, 1939-1943, was interrupted by World War II,

I would say that the new stage in the Planned Development in Turkey began in 'Sixties. The country coped with the targets of the First Five-Year Development Plan, 1963-1967. For the first time that plan included the investments in agriculture. The success of the plan created the opportunities to proceed with the Second Five-Year Development Plan, 1968-1972.

But during the Third Plan period, 1973-1977, national economy met a lot of difficulties which were caused by both internal and external reasons. Among external reasons, we could name the energy crisis and the 1973-75 economic crisis in the Western countries because Turkey is very closely associated especially with the Common Market and dependent on oil imports. Therefore the Fourth Five-Year Plan could only begin in 1979.

For the last decade the Western economy and the economy of the Republic of Turkey as well are suffering from the severe inflation. From the viewpoint of the rate of inflation Turkey ranks second in the Western World. As known, stagflation became the widespread economic disease in developed and developing countries/. In fact, the inflation reduces the real growth in Turkey, too.

According to the data of the SIS the rate of decrease of GNP in 1980 was 0.7 % at constant prices and the rate of increase of GNP in 1980 was 80.7 % at current prices whereas the real rate of growth was expected 6.5 % in the 1980 annual programme. The difference between these indicators is more than 80 %. Such tendency belongs to the last years.

The Central Bank of the Republic of Turkey declared in the Annual Report: "This fact shows that the economic crisis of the last three years continued also in 1979" (TCMB, 1980 : 37).

Thanks to national planning, Turkey changed the structure of her GNP substantially. In 1963 industry produced only 15.6 % of GNP, in 1978-25.6 %, in 1979-24.2 %, in 1980-23.3 %. Agriculture

produced 38.1 % of GNP in 1963, in 1978-21.4 %, 1979-21.9 %, in 1980-22.9 %. For almost twenty years the share of industry has grown from 15,6 % to 23.3 %, the share of agriculture has fallen from 38.1 % to 22.9 %. Thus we could see that share of these two sectors in GNP in 1980 became almost equal.

In 1980 the rate of accumulation decreased to 21.7 % from 22 % in 1979. Common real investments have fallen down 11.2 % compared with 1979, private investments - 12.5 %, public investments -10.2 %, respectively.

The rate of growth of the national economy depends on these indicators. That's why the economy cannot expand in real terms. But the main directions of the national economic development is determined by the state, not by private sector because the share of public investments is more than the share of private investments as seen in the following table :

#### **Investments by Sector of Origin**

Year	Investments (Billion TLJ	Public Investments (%)	Private Investments (%)
1970	74.5	53.4	46.6
1975	128.5	50.6	49.4
1980	122.4	58.5	41.5

According to the statement made by the Ulusu Government, in the economy public investments will increase to 53.7 % in 1981, particularly in agriculture - 12.9 %, in extraction industry - 9.2 %, in energy enterprises - 22.5 % rate of growth. State Planning Organization hopes that in 1981 rate of inflation will decline to 60-70 %.

In mixed economy the efficiency of the national planning depends on (1) the quality of the plan and (2) on the efficiency of public sector and (3) on the relationships between government and business.

Even in the developed Western countries businessmen and governments pay more and more attention to the relations between each other. In May 1979, At Harvard University, a special conference on **Business and Public Policy** has been held by Business School and School of Government. In **Free to Choose**, it is asserted that it is impossible to run national economy without any Government regulation (Friedman and Friedman : 1980). This book was prepared by Milton and Rose Friedman and Milton Friedman is a proponent of the free market economy.

The first experience in planning belongs to the large corporations. Henry Ford II said: 'Planning is the air of the company". One thing-to provide the growth of the company even if it is the largest one. But the other thing-to provide the growth of the economy as a whole by the national planning. The goal of the company is profit. I should say that profit is a criteria of the efficiency of planning in the company.

But what are the criteria of the efficiency of the national planning in the mixed economy? May be it is not easy to give a full answer because national planning has to take into account not only economic sectors as such but education, health, housing, culture and so on. The planned development experience of Turkey shows us that in future improvements are required in the mechanisms of planning process and the implementation of the national plan.

Now let me say a few words about planning in the socialist countries. Certainly most of you are familiar with the history of the Soviet Union, with the history of other socialist countries. You know that one of the main principles of socialism is the planned development of the national economy and society as a whole.

I should say that Kemal Ataturk is not only the founder of Modern Turkey, not only the father of Turks, but the founder of planned development in the Republic of Turkey as **well**. So in my country Vladimir Lenin is the founder of the national planning system. Even in 1918 he completed "**The Draft of the Scientific-Technical Works Plan**", principles of which had been used as the fundamentals of both setting up in 1921 State Planning Commission (GOSPLAN) and drawing up nation-wide economic plan.

Our first step in the planned development was the plan which was called State Plan for the Electrification of Russia (GOELRO). As you see we began from providing energy to reconstruct and build the **new** economy, with **new** structure, with **new** goals. GOELRO has been approved in December 1920.

Before the first Five-Year Plan (1928-1932) was finally approved, six drafts had been looked through in order to choose the optimal one. The Second Five-Year Plan covered the period 1933-1937.

If you try to compare it with the history of your country you find out that approximately at the same time the first plans appeared in Turkey: 1924-the Programme of Railway Construction for ten years ; 1934-the first Five-Year Industrialization Plan came into force.

In the USSR, the third Five - Year Plan, 1938-1942, was interrupted by World War II which we call in my country "The Great. Patriotic War". It may be difficult to imagine what a high price had been paid by the Soviet people for victory-the huge destruction of the economy; nine to ten lives being lost every minute, or over 14 000 lives in a day. Over 20 million Soviet people died in the war. Two out of every five killed in World War II were Soviet citizens.

Therefore the fourth Five-Year Plan, 1946-1950, was directed both to postwar rehabilitation and to modernization of the entire national economy.

The fifth and the sixth Five-Year Plans covered the periods 1951-1955 and 1956-1960, respectively. After that my country had the Seven-Year Plan, 1959-1965.

The Eighth Five-Year Plan was in 1966-1970.

The Ninth Five-Year Plan was in 1971-1975.

We just fulfilled the Tenth Five-Year Plan, 1975-1980 and began to operate with the Eleventh Five-Year Plan, 1981-1985. I would like to draw your attention to the results of the Tenth Five-Year Plan, and targets of the Eleventh Five-Year Plan.

Now let me point out to some theoretical problems dealing with planned development in my and other socialist countries.

First of all, the main results of "the sixty years of planned development in the Soviet Union are the following :

- creation of a socio - economic system based on public ownership of the means of production and on planned methods of economic development ;
- the building of a socialist state of the whole people, founded on the common interests of all social strata and all nationalities in the country ;
- accomplishment of a cultural revolution, attainment of high level of education and skills of all the working people on the basis of all forms of training and free education ;
- the construction of the material and technological base of developed socialism, successful mastering of the fruits of technological progress ;
- a tremendous increase in the scale of production and the establishment of a multisectoral integrated and developed economy ;
- provision of a high standard of well-being for all social strata and full employment.

The functions of the socialist planning are determined by the nature of the socialist system and the objective laws governing its development.

The main national economic planning principles as a result of a considerable historical experience in this sphere include the following :

- democratic centralism in planning ;
- an integrated nature of the national economic plan (Unity of three aspects of planning-sectoral, regional and . temporal);
- the goal-oriented nature of national economic plans ;
- the balanced nature of the national economic plan ;
- the national economic effectiveness of plan decisions through adoption of plans requiring minimum labour, material and financial inputs.

The order or process in drawing up the Five-Year Plan, which is basic in long-term planning, covers the following stages :

- **preplan forecasting**, during which the prospects for scientific and technological progress, foreseeable social requirements and the possible expansion of material and labour resources are determined ;
- **elaboration of the concept** of socio-economic, scientific and technological development, i.e. justifications of the goals and ways of implementing economic and technological policy ;
- **determination of the main trends** in the plan from initial calculations of possible growth rates, proportions and structure of production ;
- **completion of a comprehensive national economic plan** in all its main sections ;
- **co-ordination of all the sections of the plan**, using the input-output table for the national economy, to form a single national economic plan.

After the preliminary consideration of the draft of plan in the state bodies, it is published and discussed throughout the country.

.... After the law on the national economic plan is adopted by the Soviet Parliament, it becomes the basis for the economic activities of all the links in the national economy.

With certain differences this brief description of the plan and national planning process is common to all the socialist countries. It reflects the realization of the principle of democratic centralism in practice - the national economic, overall state approach to the compilation of the plan, taking full account of the interests and initiatives of all the participants in social production and all the working people.

So let me come back to the results of the Tenth Five-Year Plan. I think it will be good to compare the Ninth and the Tenth Five-Year Plans.

**Comparison of the Ninth and Tenth Plans  
(Billion Roubles in Comparable Prices)**

	The Ninth Plan	The Tenth Plan	Rate of Growth (%)
Gross national product	769	989	29
National income used for consumption and accumulation	329	409	24
Industrial production	438	581	33
Agricultural production (average annual levels)	113.7	123.7	9
Capital investments	98.6	126.8	29
Retail Trade turnover	191.4	246.1	29
Social consumption funds	78.6	105.4	34

The main objective of our economic strategy is being consistently implemented. But we have some difficulties, the shortcomings and the unsolved problems. Not all of the targets set were achieved. Not all of the ministries and enterprises fulfilled their plans. There are still bottlenecks and disproportions in the national economy.

The reasons for this vary. But probably the most important reason is that the force of inertia, conventions and habits from the period when the quantitative rather than the qualitative aspect of the work loomed the largest, have still not been fully overcome.

In 1981 we began to fulfill the Eleventh Five-Year Plan. Upwards of 121 million people took part in discussing it.

The central objective of the Eleventh Five-Year Plan is to ensure the further improvement of the Soviet people's well-being on the basis of the steady and constructive development of the national economy, accelerated scientific and technological progress, the transition of the economy to the road of intensive development, the more rational utilization of the country's pro-



duction potential, the maximum saving of all types of resources and an improvement in the quality of work.

In accordance with the Eleventh Five Year Plan the national income is to increase by 18-20 %; industrial production-by 26-28 %; agricultural production-by 12-14 %. The total capital investments und&r this period are estimated at 711-730 billion roubles.

In April 1981 the data of the fulfillment of the plan of the first quarter were published. The rate of growth of industrial production compared with the same period last year was 3.1 %; productivity of labour increased by 2.4 %.

In order to reach the main goals of the Eleventh Five-Year Plan we have to pay our attention first of all on following problems :

- productivity of labour ;
- quality of the work and products ;
- intensive development ;
- steady improvement of the planning and management process.

Every socialist country has her own Five-Year Plans. But as a member of the Council of the Mutual Economic Assistance (CMEA) socialist countries coordinate their national plans. It is the new level of the planned development in the socialist countries, the new stage in the planning process.

In conclusion of we try to compare the indicative planning in Turkey and planning in socialist countries we find out many differences especially in such fields as :

- the fundamentals of the Plan and Planned Development;
- the functions of the planning;
- the national planning economic principles ;
- the process of drawing up and implementation of the plan;
- the main goals and historical results of Planned Development.

NOTES:

- (1) When I have been in the United States last year, I met Professor Paul Samuelson who told me: "In the Western World, there are two big problems-unemployment and inflation. So far, we don't have any way to cope with them." I do not know, may be someone disagrees with Professor Samuelson.

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## Ö Z E T

### TÜRKİYE'DEKİ YOL GÖSTERİCİ PLANLAMA İLE SOSYALİST ÜLKELERDEKİ PLANLAMA ÜZERİNE KARŞILAŞTIRMALI BİR İNCELEME

Türkiye'de "planlı gelişme" Atatürk'ün adından ve onun devletçilik politikasından ayrı düşünülemez. Devletçilik ilkesinin Anayasa'ya girdiği 1934 yılında Türkiye, Birinci Sanayi Planı'nı uygulamaya başlamış, İkinci Beş Yıllık Sanayi Planı'nı uygulanması ise, İkinci Dünya Savaşı nedeniyle yarıda kalmıştır.

Planlı gelişmenin ikinci aşaması 1960'larda başlar. Ulusal planlamanın yardımı ile Türkiye, üretim yapısını kayda değer ölçüde değiştirebilmiş, ancak ekonomisinin içten ve dıştan gelen "şok'lara karşı duyarlılığını azaltmamıştır. Türkiye'nin deneyleri, gelecekte planlama süreçlerinin ve plan uygulama mekanizmalarının iyileştirilmesi gerektiğini göstermektedir.

Türkiye'de ve Sovyetler Birliği'nde planlama süreçlerinin oluşturulmasında bazı benzerlikler vardır. Sektör düzeyinde planlama çabaları Türkiye'de demiryolu ve bayındırlık işleri programı (1924) ile, Sovyetler Birliğinde "Bilimsel ve Teknik İşler Programı Taslağı" (1918) ve daha sonra elektrikleştirme planı (GOELRO, 1920) ile başlamış, şümulü planlar (Türkiye'de Birinci Beş Yıllık Sanayi Planı, 1934-1938; Sovyetler Birliği'nde Birinci Beş Yıllık Plan, 1928-1932) daha sonra yapılmıştır.

Ancak, sosyalist planlamanın işlevleri ve ilkeleri, yol gösterici planlardan farklıdır, çünkü bunlar sosyalist sistemin niteliği ve sistemin gelişmesini yönlendiren nesnel yasalarla belirlenir. Sovyet ekonomik gelişme stratejileri tutarlı bir biçimde uygulanmakla birlikte, eksiklikler ve çözülmemiş sorunlar vardır. Bunun temel nedeni, nicel unsurların nitel unsurlardan daha ağır bastığı dönemlerden kalma usul ve alışkanlıkların doğurduğu atalettir.