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LEVELS OF ADMINISTRATIVE CENTRALIZATION IN ECONOMIC DEVELOPMENT

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I am very grateful to the Institute of Public Administration for having invited me to give this talk, but I feel extremely modest and hesitant to present my views on administrative problems before you, especially since I am not a political scientist, and the reflections I can present are those of an economist looking from the outside at some problems of administration of economic development projects. What I should like to discuss are the nature and place of various kinds of decisions that must be made if an economic development plan is to be designed and executed, and, in particular, how different decisions in this procedure are allocated and coordinated among different persons.

I

One way by which one may approach the problem of levels of centralization in the administration of economic development plans is, perhaps, by means of setting up an ideal typical bi-polar model. In this model, two extreme ways by which the economic policy of a country can be executed are described.

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On one extreme stands the practice of "perfect" liberalism; on the other, full-fledged authoritarian planning. Now, a "perfect" liberalistic system may be regarded as an ideal type, since it never really existed anywhere in the world. It is a pure construct of thought, a purely theoretical system, which seems to contain the following features: in the sphere of social action, there exists a balance and separation of powers analogous to that which was developed by Montesquieu and his successors for the fields of political action. In the system of Montesquieu, there is a balance between the executive, the legislative, and the judiciary powers of government. To this has been added a system of mutual checks of these branches of government which is designed to insure that none obtain total power and that freedom of political action be preserved. In a pure liberalistic system, three spheres of social, rather than political, action are defined which are in balance with each other. The first is the sphere of political decisions. In this sphere, the government has a monopoly and must have a monopoly, because in any political system it is the only possessor of ultimate physical power of enforcement. The second sphere of social action is that of economic decisions. These decisions, especially economic decisions affecting investment and allocation of resources, which, of course, have immediate relevance for economic growth, are made exclusively by private individuals. In this way, the persons who make economic decisions and the objectives towards which these decisions are made are completely separated from politics. In other words, there exists one group of persons who exclusively make political decisions and another group of persons who exclusively make economic decisions. The personnel who make political decisions make them for purposes of public welfare or security of the state, whereas the personnel who make economic decisions make them for private gain or – in the language of utilitarianism – for the maximization of the happiness of each individual participating in the economic process.

There is still a third group of actors who perform the role of critics of political and economic actions and who influence public opinion. These are the intellectuals. The intellectuals again form a distinct group of persons whose objectives differ from both those of the government and the economic decision-making units. The

institutions through which the intellectuals function are the press, the radio, the universities; the media they use are books, magazines, newspapers, and various other artistic and intellectual productions. Their purpose is to teach and to inform, but also they evaluate critically the actions of other organizations in society. This is the reason why freedom of speech and assembly are such important aspects of a liberalistic system, since the guarantee that responsible discussion, even if critical, of the actions of government or economic decision-makers can be carried on, ensures that the social power exerted by political and economic decision-makers does not become absolute.

In an ideal liberalistic system, as for example one envisaged by a man like John Stuart Mill, these three social groups check and balance one another. If the political or the economic sector acts in a way detrimental to the social objectives generally agreed upon, it is up to the intellectuals to point out the errors committed, and this would, presumably by influencing public opinion, lead to some remedial action. If public pressures are strong enough, action would have to be undertaken to rectify the situation in order to bring it into line with generally agreed upon social objectives.

Clearly in such a system, decisions affective economic development of the society are made essentially by a rather well-defined group of persons. They are made by these individuals on the basis of their concern for the maximization of their own welfare or gain. Usually, the most important decisions, especially those relating to the allocation of resources and to investment, are made by businessmen, and therefore the businessmen take a predominant role in this system.

At the other extreme from liberalism is a system of full-fledged planning. Again, I do not think that a perfectly planned system actually exists anywhere in its pure form. But in theory it may be described as a system in which, instead of having several social groups, each with its own personnel, checking and balancing one another, there is a totalitarian dictator who makes all decisions himself. Since he is all-powerful and, presumably, in the system omniscient, he will in the ideal case make all the "right" decisions. The question which then has to be asked is: what are the ultimate objectives or purposes for which a dictator wishes to make these

decisions? I think that a good deal of confusion about the nature of totalitarianism – which in different forms has existed since every early days in the history of mankind – has resulted from the failure to distinguish between the nature of totalitarian control, on the one hand, and the particular objectives toward which an all-powerful and “omniscient” agency was making the decisions, on the other. Clearly, if such an all-powerful and omniscient agency has as its objective to push the level of economic activity higher, it is quite likely that, because it is as all-powerful and as omniscient as it can be under the given technological and organizational conditions, it may initiate a rate of economic development which is considerably faster than one possible in other systems. And it is this rapidity of potential economic growth which some persons have in mind when they favour rigid centralization in developmental planning.

II

The discussion has remained confined so far to ideal systems. When discussing the liberalistic system, the assumption was made that a perfect division of social power can be achieved, and in the discussion of the centrally planned system, it was assumed that the central planning agency is all-powerful and omniscient, at least in the limited sense of the term, in that it is aware of all possible technological and organizational alternatives relevant to developmental planning. But in the real world there has never existed a perfect liberalistic or a perfect totalitarian system. Rather, we find systems of decision-making which lie somewhere between these two extremes. In other words, we may distinguish different systems by the degree of centralization of the decision-making process in the political and economic spheres.

In addition, we must yet consider a second point. Any system, whether it is perfectly decentralized, partially decentralized, or completely centralized, offers a variety of decisions on different levels of generality. Above all, one must distinguish between ultimate planning decisions and the decisions made in the course of the execution of a plan. Now, in any reasonably large and complex society, it is practically impossible, by the very nature of circumstances involved, for all decisions to be made effectively by

one agency only. In other words, even in a perfectly centralized system, the actual performance of resource allocation is done in separate units, which are all distinct from one another. These allocation decisions are made in separate factories, separate farms, separate households, scattered all over the country. Many executive decisions of even the most highly centralized plans are made by entities which can easily be identified, which have a separate corporate or at least physical existence, and which actually make most of the decisions relating to the implementation of a plan. This situation holds true regardless of whether the actual basic plan is highly centralized or highly decentralized. It is an outcome of the requirements of bureaucratic administration of a plan, rather than of the socio-political philosophy upon which it is based.

One of the chief problems of the subject under survey here, i.e., the problem of levels of centralization and decentralization in developmental planning, is the question of the relationship between central planning decisions and decisions made in implementation of the plan. The former are decisions made by a central planning agency establishing certain targets which are to be met at a specified time. The latter are decisions made by the various individuals who manage the different operating agencies (factories, farms, municipalities, etc.) through which a plan is carried into reality.

In much of the literature a sharp distinction is usually made between decisions at the level of planning (i.e., policy decisions) and decisions made at the level of executing a plan (i.e., implementation of policy). I should like to argue that this distinction is not easy to make and that, as a matter of fact, many decisions made in the course of the execution of a plan or implementation of a policy have an impact upon the plan or the policy itself, and that very often a plan must be modified because of the particular decisions that must be made at the level of executing it. A few simple examples for this suggest themselves.

No matter how centralized or well-planned an economy, there develop inevitable mistakes and errors and, what is more important, unforeseeably contingencies. No planning commission anywhere in the world has as yet succeeded in accurately predicting the output of any particular agricultural commodity in a given year. Thus, a plan which provides, for example, for a certain amount of cotton to

be produced in a given year, and which on the basis of this estimate allocates men and materials, machines and capital to the further processing of cotton, must also provide for a margin of error in the output estimates. In practice, this may be done – and actually is done – by allowing a set of alternatives to the plants which spin and weave and otherwise fabricate the raw cotton into finished pieces of textile, or finished garments, or other products. But since all eventualities cannot be foreseen, it is imperative to give a certain amount of leeway to the managers of each plant.

In the case of agricultural production, deviations from established targets occur usually because of whether conditions which are not predictable. But in all lines of production there may be accidents, disasters, or other “acts of God” which may considerably affect the output of a particular commodity, and sometimes even of a crucial commodity, and which may cause a final amount of production of that commodity which differs from the planned target. Finally, and perhaps most importantly, there is the human factor. More important than weather conditions or accidents, is the fact that a production plan is executed by human beings whose attitudes and beliefs, motives and incentives will have a profound influence on the actual outcome of the plan.

Thus, in any plan one must count on disturbances, and one actually discovers that these disturbances happen if one notices that a planned target is either overfulfilled or underfulfilled. These deviations from targets are unavoidable, and it makes no difference whether the deviation is one or the other side of the target. In other words, underfulfillment is as good (or bad) a performance as overfulfillment. If, therefore, as is the case in many plans, overfulfillment is not regarded as a defect, underfulfillment should also not be regarded as one, unless it reaches very vast proportions. The degree of fulfillment of a plan may more often than not be merely a consequence of the conditions under which the targets may be approached, and a plan, even if all targets are not met, may still be as good a plan as is possible. But not only the fact of overfulfillment or underfulfillment of a segment of the plan, but even the degree of deviation from the target is no necessary measure of how well the plan was devised. Of course, these deviations must not exceed larger proportions, but if they remain within not more

than 20 or 25 percentage points of the actual targets, it would be impossible to say whether the conception of the plan was inadequate or the conditions of its execution usually favourable or unfavourable.

This means, however, that the execution of a plan in many of its aspects may affect the further operation of the plan itself. Since it is impossible to foresee all contingencies, a plan, if it is to work smoothly, must provide for certain sectors in which a relatively high degree of discretion is given to individuals to make adjustments in the execution of the plan, or, in other words, to do some planning themselves. This planning by specialized persons and agencies will, in some way or another, affect the overall plan. One of the most important problems regarding the level of centralization or decentralization in planning for economic development is the question of what rules exist for making these adjustments in given sectors of the plan. These rules can come relatively close to those characteristics in a “liberal” system or in a non-liberal system. In other words, the provisions which are included in the plan and which prescribe what is to be done by a manager of a firm or industry, a plantation or group of villages, may be rules which are fairly rigid or which give a considerable amount of leeway to this particular individual. I think that this is what we should bear in mind when we talk about the degree of centralization or decentralization in economic planning.

What we are talking about is really not the effect of the plan as originally centrally made, but rather the nature of these particular rules designed for the execution of a plan. If a plan prescribes: “Do the best you can”, it comes very close to a liberal system, because what it really says, if translated into a somewhat different language, is this: “Your objective is set for you. This objective is not necessarily the maximization of profits (as would be the case in a free enterprise system), but the meeting of a particular production target. Given this objective, you have as much freedom as is possible under the institutions of this economic system to act in such fashion as to come as close to the objective as you can.” The liberal system says: “Your objective is different from that of the government. Your objective is the maximization of profit. The government will try to enforce a legal and institutional order which interferes as little as possible with making it possible for your meeting this

objective." The planned economy, on the contrary, says: "Your objective is the meeting of the planned targets", but a plan which does not prescribe very rigid rules as to what to do in order to meet this objective may be regarded as a highly decentralized plan. It is a plan in which an overall picture may have been drawn up in a highly centralized way and in which the different targets that must be met by different operating agencies have been balanced against one another on the basis of overall considerations. But from the point of view of execution of such a plan, a high degree of decentralization is present if the rule for executing the plan sets a target and then enjoins each person or group charged with its execution to do the best under the given circumstances to meet that target.

Such a system of decentralized planned is based upon the recognition that in all human affairs there are limits to the exercise of compulsion, and the related understanding that voluntary consensus is likely to lead to better results than a multiplicity of constraints. This point was widely discussed in the European economic literature in the first three decades of this century under the general title of "Power versus Economic Laws". Though these debates were clearly biased in favour of economic liberalism as a system more in harmony with "human nature", the general outcome was that under a situation of economic planning in which an executing agency is confronted with extremely rigid rules not only as to *what* objectives to meet, but also *how* to meet them, a degree of compulsion is introduced which makes the execution of the plan extremely difficult. In many such situations, we find that besides the formal organizations for execution of the plan, there develop informal methods of plan execution which constitute attempts to circumvent the prescribed rules.

Shortly after Stalin's death, an article on Soviet planning appeared in the American journal, *Problems of Communism*, which was entitled. " 'Blat' is Higher than Stalin".¹ "Blat" is a Russian word which means "influence" or "connections". The point made in this article was that many agencies in the USSR which were charged with the execution of a plan found it convenient and even necessary to employ highly paid individual who had no other function but to use their connections. If, for example, a particular factory

could not meet a prescribed quota, because of insufficient raw material supplies or if it ran into other difficulties, it usually did not proceed according to the prescribed rules, but rather made use of the gentleman who had "blat", in other words, who had good connections. This practice of going outside the formal channels was very widespread and quite commonly used. Incidentally, every manager or director who honestly attempted to meet the targets prescribed to his firm in the plan exposed himself, by using these informal channels, to possible persecution for sabotage. But in spite of these dangers, the day-to-day pressures were such as to induce many individuals to circumvent the prescribed rules in order to meet the targets set to them. Hence, even in a system in which the degree of compulsion as to the methods of meeting a particular set of targets, or implementing a particular plan, tend to be very rigorous, ways and means are found for circumventing them and replacing them by informal rules.²

The result of this discussion is that in a planned economy, one crucial test as to whether the system is centralized or decentralized lies primarily in the manner in which a particular agency is supposed to act in order to meet the targets imposed upon it. If planning is decentralized, in the sense discussed earlier, each executing agency, i.e., each factory, farm, or other operating unit, will have an incentive to use the most efficient methods of production in order to meet its objective. This follows from the simple application of economic theory. Although the traditional economic theory of the firm is based on the assumption that the objective of each unit, i.e. each firm, is the maximization of private profit, the same economic principles, developed by traditional economic theory, are applicable, if the objective is different: for example, if instead of maximizing profit, it is desired to reach a given size of output, or to meet a given production target. Hence, it seems that a decentralized pattern of planning is advisable on sheer grounds of economy and efficiency.

III

But, in addition, there are two further points that are to be considered in the matter of centralization and decentralization in planning. First is the question of the degree of centralization in the

drawing up of the plan. In the preceding discussion, it was tacitly assumed that a plan is drawn up by a centralized agency, and that decentralization only enters on the level of execution of the plan. But there is no reason to assume that a plan necessarily needs to be drawn up in a centralized fashion. A large part of each Five Year Plan in India has been drawn up in a fairly decentralized fashion, that is to say, that the various constituent States of the Indian Union were drawing up plans, and that it was the task of the Planning Commission primarily to find ways and means of balancing these plans against each other, amending them, and perhaps changing them in some detail so as to make them fit more adequately into one another. This is an example in which the actual drawing up of a plan has been done in a decentralized manner.

One of the questions that may be raised here is the following: What conditions tend to lead to decentralized planning for economic development? Several reasons may favour decentralized planning in India, and in order to show some of the conditions which make this alternative desirable. I shall cite two particular factors. The first is the fact that Indian economic planning is carried on in a society which is large and heterogeneous. This heterogeneity consists not only in the obvious distinction between an urban and a rural sector, but also in a sharp heterogeneity of geographical regions, of kinds of agricultural crops, and of linguistic differences. It is quite clear that in a country like India (and, for that matter, also in large and diversified countries like Russia or China, which have a common official, but different local, languages), the sheer natural differences in language, climate, and economic conditions call for a considerable degree of decentralization in the making and conception, as well as in the execution of a plan. This decentralization is necessary simply because often the particular needs that arise in a given region are peculiar to that region, and because planning which does not discriminate for such regional differences may lead to a number of difficulties, bottlenecks, and breakdowns. Hence, in a country in which differences of various kinds exist, the problem of introducing a high degree of decentralization in the drawing up and the implementation of an economic development plan is called for primarily because of factors of geography, social structure, and difficulties of communication

owing to ethnic or linguistic differences.

The second case I wish to discuss, and which seems to favour decentralized as against centralized planning, is the prevalence of economic activities which require relatively large space. The case I am here particularly referring to is the case of agriculture. In a country in which a large proportion of total output is produced in agriculture, decentralized planning is preferable to centralization.

One of the significant features which makes agriculture distinctive from other forms of economic activity is the fact that agriculture is normally carried on in enterprises covering a relatively large area. The more an agricultural enterprise produces, the larger under a given technology is the geographical surface that is required. In other words, in agriculture – unlike in most industries – the size of the enterprise is highly correlated with its expansion in space. This creates a serious problem of communication. That is to say that in an industrial plant employing many thousands of workers, as, for example, the Tata Iron Works in Jamshedpur, productive operations are carried on in a relatively concentrated fashion. But what is more important, a sizeable proportion of total national output can be produced by a few firms. For example, in as highly an industrialized a country as the United States, in the late 1930's, 3 firms produced 86 per cent of all automobiles, 3 firms produced 90 per cent of all tin cans, 4 firms produced 78 per cent of all copper, 2 firms produced 95 per cent of all plate glass, and 4 firms produced 64 per cent of all iron ore.³ This means that in many industrial branches, a very large proportion of the total output of a country can be produced in relatively few enterprises. In each of these enterprises, there is possibly a rather clear-cut system of internal organization. In other words, the pattern of communication, the levels in the hierarchy of decision-making, are highly concentrated and present a clearly discernible picture. Even though such an enterprise may employ many thousands of people, working closely with one another, the execution of the objectives of this enterprise can be achieved with a high degree of precision. Hence, we find that in large industrial enterprises, centralized planning is relatively easier, especially also because in these enterprises great importance is placed upon improving the internal organizational structure and perfecting a system of communications, and the flow of information

and of commands up and down different levels of responsibility.

In agriculture this particular situation does not prevail. In part this is due to the fact that in most countries, even in many of the economically most advanced countries, the agricultural population is technologically and educationally more backward than the urban industrial population. But it is due chiefly to the fact that agriculture is, and by the nature of things must be, more dispersed. Since agricultural production requires large quantities of land, as compared with industry, any large-scale enterprise in agriculture will experience much greater difficulties in communication over relatively greater distances. Even if we could envisage an agricultural enterprise which produces as much as 5 per cent of the annual domestic output of any major crop, the cost of providing a smoothly functioning communication system for this enterprise would be extremely high and infinitely more cumbersome and inefficient than a communication system in an industrial firm which produces 50 per cent of the annual requirements of some important industrial product. This is the reason why agriculture will remain a branch of production in which many enterprises coexist, and even if a vigorous attempt is made to collectivize agriculture, the number of independent productive units in farming will remain large. But even in highly centralized agricultural enterprises, systems of organization, communication, control, and internal allocation are much poorer and more imperfect than in comparable industrial firms. Hence, agricultural enterprises, no matter how highly centralized they may be, are below comparable industrial firms in administrative performance and efficiency. In addition, efficiency, especially in Asian agricultural enterprises, is below that in industrial firms, because of the already alluded to inferior degree of literacy of the rural population, because of the greater degree of traditionalism that prevails in rural, as compared with urban, areas, and because of a number of other factors which have their origin in the overall social structure, the survival of caste barriers and other features of village life.

There is some evidence that the imposition of a high degree of centralization in agricultural planning has had some adverse results on productivity. Let me cite two examples. In a recent study on the development of agriculture in the Ukraine between 1926 and 1955,

it was found that "the productivity measures suggest...that there has been no increase, and possibly a decrease in general productivity in Ukrainian agriculture".⁴ This does not mean that agriculture in the Soviet Union as a whole has been stagnant, though it certainly has not progressed on a level commensurate with industry. But much of the increase has come from bringing into production virgin lands in new areas, and the overall improvement in an old agricultural region, like the Ukraine, has been slight or negligible.

It would lead too far beyond the scope of this (article) to go into a detailed account of this result which, certainly, will surprise many. I strongly suspect that the reason for it is partly bad planning and partly too high a degree of centralization in the development and execution of plans in Soviet agriculture. In more concrete terms, what happened was that capital was invested in agriculture according to a preconceived general formula, rather than according to the needs of the various regions or farm areas. This resulted in a general replacement of horses by tractors and other machines, but there was no significant increase in fertilizer consumption per acre, no important experimenting with better seeds, no large capital investment in storage facilities, etc. In other words, it is likely that better results might have been achieved, if instead of imposing a general highly centralized plan allocations of funds had been made to the various collective farms or even to single farmers, with the injunction that specific output targets were to be met. The particular methods of meeting these targets should have been left to experienced farmers rather than to city bureaucrats. Thus, it seems that a much greater degree of decentralization in planning of Ukrainian agriculture would have led to better results productivity-wise than the practice actually in force.

My second example comes from Poland. In a speech presented in October 1956 at the Eighth Plenum of the Central Committee of the Polish Communist Party, Mr. Gomulka, the Polish Prime Minister, had the following to say:

When estimating the value of overall production per hectare of arable land we arrive at the following picture: individual farms 621.1 zlotys, cooperative farms 517.3 zlotys, and State farms 393.7 zlotys.... This is, in brief, an outline of the economic picture of cooperative farms. It is a sad picture. In spite of great outlays they

had smaller results and greater costs of production.⁵

It would be rash to draw the conclusion from these examples that planning of agricultural production is not desirable or is inevitably inefficient. But these experiences do seem to point to the fact that a high degree of centralization in agriculture is not necessarily conducive to the growth of productivity of farm production, and they even point in the direction that collectivization in agriculture may not produce the best results under all circumstances. Since there has been a good deal of interest in recent years in India in experiments in collectivization in Chinese agriculture, and since in some influential quarters the opinion has been expressed that agricultural cooperation in India is the most desirable policy, one should point to the result of the reflections presented in this article, which seem to indicate that much more careful weighing of alternatives is required before a final and definitive policy in this field is accepted. In other words, rather than deciding that a high degree of centralized planning is needed in order to improve agricultural productivity in a country like India, and rather than aping, without further reflection, the practices of China, a considerable amount of study of the actual needs and potentialities of agricultural production in India is required. Such study and research would reveal that in some places centralized planning is indeed desirable, that in some others decentralized planning is preferable, and again that in others (and this would, in the opinion of this writer, apply to most agricultural areas of India), certain improvements in the labour and capital applied to agricultural production without collectivization and without inclusion of these sectors of the economy in any formal plan, is the preferred alternative.

IV

In conclusion, it may be fruitful to cast a glance at yet another problem, the relationship between centralization in planning and the difference between planning in breadth and planning in depth. I have made reference to this latter distinction in another place,⁶ but in brief, it may be explained as follows: by horizontal planning, or planning in breadth, is meant an economic policy in which regulatory activity is exercised on a broad basis, embracing a mass of specific

rules for many minute transactions and forms of economic behaviour. A good example of horizontal planning is an economic plan in which detailed provisions are made for the outputs of various industries and plants, in which an extensive system of priorities and allocations of materials is instituted, and in which prices and conditions of exchange are minutely prescribed. In contrast, vertical planning, or planning in depth, is an economic policy in which regulatory activity is concentrated in a limited, often rather small number of spots which have crucial significance for a wide range of economic action.

In the present period, economic planning of some form is practiced in all countries, the United States and other economically advanced countries included. But in general, it can be observed that planning in depth is more characteristic of advanced countries, and planning in breadth of the economically less developed countries. In part this is due to differences in the skills, literacy, and educational standards of the populations of different countries, but in part it is also related to the social and political institutions of these countries. Planning in depth relies upon providing a framework in which freedom of action is guaranteed; whereas planning in breadth, by minutely prescribing forms and objectives of economic action, tends to develop in countries in which political and other freedoms are curtailed. Now, although decentralized planning and planning in depth are not identical, there are various similarities between these concepts, just as there are analogies between centralized planning and planning in breadth. This implies that a system of planning in depth, as well as a system of decentralized planning, is more adapted to a country in which democratic political values are appreciated. If the problem is seen in this light, it seems that the path Indian planning must take is clear. In India, agriculture is of relatively great importance and is likely to remain of overwhelming importance for some time to come. India is one of the few countries of Asia in which democracy is a basic political form is generally accepted and is tending to become strengthened. Although the needs for industrialization are great, political wisdom would indicate that decentralized economic planning, coupled with the elaboration of planning techniques based on the fundamental acceptance of planning in depth, are the most appropriate policies for the Indian

economy and the surest means of warranting the country's democratic future.

References

1. See Joseph S. Berliner, " 'Blat' is Higher Than Stalin", *Problems of Communism*, Vol. III, No.1 (January-February 1954), pp. 22-31.
2. The need for a high degree of decentralization in the execution of otherwise rather rigid development plans has been recognized in Poland. With the establishment of an Economic Council of the Polish State in 1957, a set of new directives for industry was promulgated, according to which a much greater degree of freedom in the execution of centralized plans than before is given to the various enterprises. These directives are established in the interest of greater efficiency and the fuller exploitation of "economic expedients". For a more detailed description of this new system of planning, administration in industry, see Edward Lipinksy, "Reform of the Economic Model", *Polish Perspectives*, Vol. I, No. 5 (September 1958), pp. 12-18.
3. See David Lynch, *The Concentration of Economic Power*, New York, p.117.
4. See A.G. Frank, "General Productivity in Soviet Agriculture and Industry: The Ukraine, 1928-1955", *Journal of Political Economy*, Vol. LXVI, No.6 (December 1958).
5. Cited from Amlan Datta, *Essays on Economic Development*, Calcutta, 1957, p. 51. As a consequence of this failure of collectivization in Polish Agriculture, the Eighth Plenum promulgated a new agricultural policy for Poland, according to which peasants could gain own their land in private ownership. As a consequence, out of over 10,000 agricultural cooperatives, not more than 1,800 survived by the end of 1957. See A.S. "Peasants Own Land", *Polish Perspectives*, Vol. I, No. 5 (September 1958), pp. 47-48.
6. See Bert F. Hoselitz, "Economic Policy and Economic Growth", to be published in a *Social Science Research Council Bulletin*, 1959.

5

THE AMERICAN PUBLIC EXECUTIVE

HARLAN CLEVELAND

THERE are a number of points that I might make for myself standing in this great city of India and in this premier Institute. First of them is that I am not Dr. Paul Appleby. I have fortunately his job only but not his wisdom. I have inherited his desk, but not his knowledge of India.

Woodrow Wilson, when he was Governor of the State of New Jersey was awakened in the middle of the night one night by a politician of his acquaintance for the purpose of informing him that a member of the Governor's Cabinet had died of a heart attack a few moments before; Wilson was not very clear as to what he could do about it and why this sad news could not wait till 7 or 8 a.m. next morning. He found himself saying, "Well, Mr. so and so will be a hard man to replace". The politician was quick to answer. "Well, Sir", he said, "I rather thought I might replace him". Governor Wilson was equally quick with his retort. "Well", he said, "that's all right for me, if it is all right with the undertaker".

Here, I am afraid, I am not a good replacement for Paul Appleby. I do not exactly know what I am doing, discussing the leadership of executives in the presence of so much executive leadership. This *Institute* itself is an extraordinary evidence of the executive leadership of Shri Bapat and Prof. Menon and many others, in and out of the Government, extraordinary evidence of