

CHAPTER 3: NATIONAL SPATIAL PLANNING



I went to Panama in mid-1973 at a time when it appeared that matters in that country were finally taking a turn for the better. After decades of the most appalling governments and existence as a minor satrapy of the United States, a local general, Omar Torrijos, had seized power, diluted the influence of the oligarchy, and begun to bring the country's majority of nonwhites and poor into the government. Although the internal market was minuscule — the population of the country had yet to reach a million and a half — the economy was becoming robust and diversified.

In spite of considerable international publicity in recent years, related principally to the country's involvement in drug trafficking and the laundering of the illicitly-gained proceeds, Panama is little understood; and its role as the principal route between the Atlantic and Pacific Oceans remains a geographical anomaly. The great Canal runs north and south, not east and west, while the borders with Costa Rica and Colombia lie respectively to the west and east, not to the north and south. Paradoxically, after traversing the Canal from the Atlantic to the Pacific, a ship is farther east than when it started.

Historically, development has centered around the two outlets of the Panama Canal, while the rest of the country, both to the east and west of the Canal, has been left isolated. The urban system is dominated by a central metropolitan region

that encompasses Panama City on the Pacific Coast and the city of Colon on the Atlantic. For years this central area has been characterized by rapid population growth, estimated at close to four per cent per annum during the early 1970s, and vigorous commercial activity. During the same period, the Free Zone of Colon alone employed some 5,000 persons and represented hundreds of foreign companies. Because the country's currency is pegged to the US dollar and the tax laws are both favorable and lax, Panama has also developed into an important international finance center.

Comparable to many small, less developed countries, the central region of Panama exhibits a marked contrast of poverty and riches. It displays, at both ends of the Canal, the quality of an old world seaport, set off by the spectacular intrusion of the former Canal Zone, which, until it was ceded to the Panamanian government, was a smartly manicured enclave that cut through the principal commercial centers of both Panama City and Colon.

The Canal itself is an awe inspiring monument to man's engineering genius and inner tenacity. After 40 years of effort, upon its completion in 1914 it was the largest, most expensive, and most technologically sophisticated construction project in history. In every single respect, scale, cost, difficulty, nothing approximating it had ever been built. To this day, it remains one of the wonders of the world. 1/

* * * *

I arrived as a member of a three-man team of the United Nations to advise the Ministry of Planning and Economic Development (MIPPE). The assignment was to help establish a process of regional planning to complement planning processes already in place to deal with the national economy and its principal sectors.

It was the heyday of regional planning in Latin America — a movement fomented principally by scholars from the United States and by those from Latin America who had studied in the States. Its principal antecedent was the tremendous economic boost given in the 1930s and '40s to an impoverished

section of the United States by the Tennessee Valley Authority and the accompanying publicity surrounding that project and its eloquent director, David Lillienthal. 2/

Development in the 1950s of quantitative modeling of the factors affecting industrial location by Professor Walter Isard of MIT and of interregional commodity flows through input-output analyses by Professor Wassily W. Leontif at Harvard during the same period stimulated much of the early intellectual excitement for the new discipline of regional planning. Isard's pioneering regional development studies for Puerto Rico appeared to provide a powerful theoretical basis for that island's Operation Bootstrap and its economic surge during the 1950s and '60s — an exciting story sketched briefly in the preceding chapter.

John Friedmann, later head of the urban and regional planning program at the University of California at Los Angeles, directed a much publicized regional planning study in the 1960s in Chile for the Ford Foundation, another in Venezuela during the same decade, and wrote voluminously about the new discipline and its enormous potential benefit for Latin America. The idea that a relatively small number of planners at the center of government could, with the proper analytical tools, determine the type, magnitude and location of public investment that would lead to national economic and social development was received with enthusiasm in the capital cities of Latin America.

* * * *

I had the good fortune in Panama to have as my UN colleagues two exceedingly congenial and competent professionals. The team leader was an American who had emigrated from Europe, an urban cum regional planner and expert on Latin America, who moved easily at the highest rungs of government. My other colleague was an experienced, highly respected regional economist from Chile.

The assignment for our UN team was an exciting one, not least because it involved extensive travel to try to determine exactly what was happening

throughout the interior. The scale of the country was such that one felt it was possible to grasp its major social and economic outlines. Statistical tables depicting the interplay of the leading economic sectors of the country did not overwhelm one with their complexity.

At the time of our arrival, much of the country remained unexploited, its *campesinos* cut off from urban markets as well as from the principal social and cultural advances of the modern world. Gen. Torrijos, himself a product of a small rural community, and his government had set out to improve conditions. 3/ The task of our team of advisors was to assist in the drafting of the major policies and programs that would serve to incorporate the interior of the country into the modern economy. In addition, we were to help in the creation of a Department of Regional Planning, within the Ministry of Planning, that would oversee and guide development of the country's four major regions. These were: the Panama-Colon Metropolitan Region, which contained the Canal Zone; the Central and Western regions, which were primarily agricultural and lay to the west of the Metropolitan Region; and the Eastern Region which abutted Colombia and consisted primarily of the rain forests of the so-called Darien of Panama.

The Minister of Planning was Nicholas A. Barletta, young, bright and handsome, a wealthy member of the upper crust of Panamanian society, a graduate of the Chicago School of Economics, and, however incongruous it might appear, a man with a strong personal relationship with Gen. Torrijos. While Torrijos disposed, Barletta both proposed and disposed. As the chief bureaucrat of the national government and a confidant of Torrijos, Barletta was the most powerful civilian in the government. Years later, after a stint as a vice-president of the World Bank, Barletta sought to establish the same type of collaborative relationship with Gen. Manuel Noriega. The effort failed, and after Barletta had won the presidency, in an election widely viewed as fraudulent, Noriega forced him to resign from the government in ignominious fashion.

During the ensuing months our most difficult task was the staffing of a bona fide regional planning unit that could serve as a counterpart group. The two or three people initially assigned by the ministry to work with the UN team were

decidedly under-qualified, as were a number of the others subsequently nominated by the ministry. After a brief trial period most of these persons were unobtrusively shunted to other units of the agency.

Those who eventually stuck with the incipient unit comprised an anomalous group to be identified with a ministry of planning. Two of the best were political refugees from the government of Allende in Chile which had recently been overthrown. One of these was a young civil engineer who proved to be a first rate analyst. The other was a young economist who had studied on scholarship at the Lumumba Institute in Russia, but who nonetheless could make sense out of orthodox economics. I met them by chance at a small roadside restaurant in the interior. They were unemployed, without their families, and perplexed about their future. I persuaded the ministry to hire them on a short term, trial basis, and they proved to be so competent that they were asked to remain. They subsequently served the ministry for years with considerable distinction.

Others in the unit of particular competence were a recent emigrant from Costa Rica who had a degree in economics but little experience, and a young American architect who had worked briefly for the New York City Planning Department. The latter had married a Panamanian and, like the Costa Rican, had also just come to the country. Two or three of the native Panamanians who joined the unit also demonstrated considerable promise and proved to be extremely agreeable colleagues.

The difficulties in helping to search out and retain competent professionals were a source of great aggravation. The effort consumed both time and energy totally out of proportion to the overall UN assignment. Some of the reasons were understandable. As a small, relatively poor country in the process of economic development, Panama did not have a large pool of trained professionals. In addition, because of the increasing liveliness of its economy, particularly the financial sector, many of those who had received a good education and were conscientious were able to find satisfactory employment in private industry.

A third and powerful reason for the difficulties in attracting competent personnel to the ministry was the extremely autocratic environment in which the government functioned. On one occasion, such behavior was to make an indelible impression on me. I had arrived early for work at the ministry and found a group of employees gathered around a bulletin board where general notices to the staff were posted. The group was reading a note surreptitiously placed by a disgruntled employee who was objecting to some personnel policies of the ministry. A member of the group said something mild but which indicated agreement with the note. At precisely that moment the vice-minister happened to pass behind us and, knowing the content of the note, pointed at the person who had voiced agreement and shouted, "You! Out! Out!" And the man was out — without even time to clear the contents of his desk. Later in the day he returned and obtained an audience with the minister, during which he pleaded for his job. He was not a low level employee, rather an economist with a graduate degree obtained abroad, and with several years of service with the ministry. Nevertheless, the minister told him that it would not be possible to countermand a direct order of the vice-minister, who might lose face, and that the dismissal had to stand.

Fear swept through the planning ministry. No one's livelihood was secure. A single misstep and one could be on the street. After this episode I appreciated why one of the most competent professionals in the ministry, who later went to work for the Organization of American States, never in his years with the ministry initiated anything. When he received a directive he worked on it diligently, and then when he was finished quietly placed his written analysis on the desk of his supervisor. If, for some reason, it was sent back to him for further work, he performed in an identical manner. However, he never made inquiry about the results of his labors nor sought to defend his work.

In spite of the various difficulties which our team encountered, comparable to my earlier period in Venezuela, I greatly enjoyed my stay in Panama. I was in my late 40's, at the height of my powers, and had just taken a year's sabbatical leave from overseas activities as a special fellow at MIT. Moreover, I was working in a situation where what the members of our UN team had to say and the manner in which we said it seemed to be much appreciated.

During my many travels through the interior of the country with my ministerial colleagues, I made an effort to contact and exchange information and ideas respecting development concerns with as many local officials as possible. The discussions were inevitably informative and pleasant for us at the ministry. While I hoped they were of value to those with whom we dealt, local authorities had extremely limited ability to take direct action. The central government provided local schooling, local fire fighting, and, through the national guard, local police protection. Water and sewer services at the local level were provided by a national parastatal enterprise. Local revenue sources were few and of scant importance. Even the property tax was a national tax imposed by the central government and employed to help finance the national budget. Through the Ministry of Planning the national government also promulgated such local development regulations as zoning, subdivision regulations and building codes. Provincial governments were equally handicapped. In addressing development concerns, it was the national, not local, government that mattered. However, one hoped that the announced intention of the Torrijos government to greatly broaden popular participation in the political processes would be assisted by our efforts at dialogue.

My major area of responsibility involved advising on the urban development strategy. In the process, I examined the urban structure of the country and prepared what I thought — as a matter of fact, continue to think — was, for that moment in the history of the country, the definitive statement on Panama's urban system. 4/ Among other matters, the analysis defined the size and extent of the center of the system — the Panama-Colon metropolitan region — and showed that the wildly disproportionate number and types of economic activities located there impeded creation of an urban structure required for the development of the interior of the country. The study also identified the settlement systems of the interior, their major functions, primary roles and relative rank. I was certain that future examinations of the urban structure of Panama would have to proceed from this effort.

Other principal activities involved:

- relating urban to rural development through identification of the services and facilities needed to exploit agricultural opportunities specific to different geographic areas;
- preparation of development schemes for key urban settlements, which also emphasized supports for specific economic activities;
- and incorporation of the resulting proposals into an overall regional development strategy for the nation.

Although not a formal responsibility, a major portion of my time, as well as that of my UN colleagues, was taken up with efforts to train our counterparts within the ministry. In the process, we sought to acquaint others within the agency of our activities and demonstrate the significance of the interplay between our planning efforts and theirs. We did this in a collegial, low key manner through a continuous series of informal meetings. Finally, through liaison with prospective donor agencies, I worked to attract financial support from the international aid community for carrying out the proposed development plans.

When I left Panama I felt I had successfully accomplished my mission. In two years, our team had completed the draft of a regional development strategy for Panama that had received preliminary reviews by the relevant ministries. The Department of Regional Planning was in place; the United States Agency for International Development (USAID) appeared ready to provide substantial financial and technical assistance to support major elements of the overall strategy (under the felicitous acronym URBE); and, as a final gesture of goodwill, I was formally designated an Adopted Son of Chitre — an important town in the western part of the country. Three years later, in 1978, the project wound up and the team leader was decorated by the government with a special medal of honor normally reserved for Panamanian nationals of outstanding distinction.

The regional development strategy we proposed was sketchy, designed primarily to identify the special needs and prospects of the interior of the country, and to set in motion a development planning process to address the issues. 5/

Major attention centered on improving economic and social conditions in the two regions west of the central metropolitan region. Previously, public attention had concentrated almost exclusively on the area around the Canal. However, to a large extent further development efforts there were in abeyance pending resolution of the rapidly developing controversy between Panama and the United States on the future of the Canal, including the intrusive character of the Canal Zone through Panama City.

We found the entire portion of the country east of the metropolitan region, the Darien of Panama, to be a zone of dense tropical forests, natural pine savannas and mangrove estuaries as well as home to several groups of indigenous peoples. Because of the lack of roads into the forests, these groups were almost totally isolated from the rest of the country. Consequently, the most that we were able to do there was draw attention to the enormously complex character of the region and urge that a special, long-term planning effort be mounted to address its particular situation.

Subsequently, the ministry of planning with the support of the Organization of American States (OAS) did undertake a several year study of the Darien which produced a development strategy for the region. 6/ Despite such efforts, however, it remains the most sparsely populated and least known region of the country. According to a study reported in 1995 in *Cultural Survival* the lush forests of the region are rapidly disappearing and its native peoples in danger of cultural extinction. 7/ (The special situation of the larger ecological zone of which the Darien of Panama is a part is discussed in the chapter on development planning for a tropical rain forest.)

In 1978, after a prolonged series of discussions and the execution of its own series of studies to determine whether the proposed development efforts would in fact benefit the poor, USAID approved the URBE program. As finally adopted, the program provided financial and technical support for promoting development of the western portion of the country. Joint Panama-USA financing totaled nearly \$30 million for a multisector effort scheduled over a five-year period. The overarching goal was to improve economic and social conditions, principally

through improved exploitation of the area's agricultural resources. Except for several enclaves of banana plantations, the overwhelming proportion of the rural population of the region was dedicated to subsistence farming. The strategy was to improve the production and processing of agricultural raw materials through public investment in infrastructure and the establishment (principally through private investment) of a network of both large- and small-scale enterprises. The sites for the investments in improved social infrastructure and new and expanded commercial enterprises were carefully selected in order to complement one another and, in the process, strengthen the service role of strategically located urban centers.

The development program had an enormous array of interlocking components. In respect to economic productivity, agro-industries were to be promoted through special financing. Industrial parks were to be constructed and operated by joint public-private management corporations. Landless farm workers and underemployed small land holders were to be assisted to become full time wage earners through extensive retraining. Small scale businesses were to be assisted through special loan and promotion programs.

The social infrastructure of key urban settlements was to be substantially upgraded with the expectation that an improved environment would assist in retaining skilled workers who might otherwise gravitate to the central metropolitan region. Housing of various types and costs, and greatly improved transportation linkages between farms and towns, were given special attention, as were such standard public services as local sewerage systems. In order to compete with some of the special attractions of Panama City, support was also to be given to the creation and operation of multipurpose recreational and cultural facilities.

Finally, important efforts were to be made to strengthen the institutional setting within which the many subprojects were to take place. Further training of the professionals within the several ministries involved was to be assisted, urban development plans were to be prepared for key settlements, and an extensive program of technical assistance was to be provided. In sum, the multi-sectorial and well financed URBE program was expected to produce substantial results.

Lamentably, it did not. Yet another effort, potentially of profound significance for a developing nation, failed to produce expected results.

* * * *

In an extensive review of the URBE program published in 1984 in the *Regional Development Dialogue*, two of the consultants who had participated in the official evaluation undertaken for USAID, Robert and Beverly Hackenberg of the University of Colorado, stated that little had been achieved. 8/ Subsequently, in mid-1986, I returned to Panama on a different but closely related USAID mission and was able to corroborate the basic conclusions of the Hackenbergs. Besides the collapse of the URBE program, the regional planning unit within the ministry of planning was moribund and my former colleagues widely dispersed, some either underemployed or, actually, unemployed.

Those subprojects which provided a direct and uncomplicated response to a demand at the local level, such as the small business loan program, had progressed relatively well. However, subprojects which involved bureaucratic complexities or which failed to capture strong community support, such as development of the industrial parks, failed to progress. The larger failure, however, was the inability of the program with its multiple subprojects to unfold in an integrated manner. Rather than reinforcing one another, the various components of the program became simply a series of unrelated events.

According to the Hackenbergs, several causes lay behind the failure of the program to produce as planned. One of the most egregious was that none of the line ministries involved evidenced any responsibility for coordinating its efforts with those of the overall program. Each ministry continued to support its own agenda without regard to the deleterious effect this might have on the efforts of others or on the overall program. A second negative factor was the virtual impossibility of getting the outside consultants involved in technical assistance into the various ministries early enough in the program to have them serve as important catalytic links. Third, the program was not self-correcting. If something

began to go wrong, there were no effective mechanisms for monitoring and subsequently correcting the situation.

The Hackenbergs further believed that the failure to realize the basic intent of the program was due to major flaws in its organization. In order to expedite matters, the designers of the program decided that events could be made to occur simultaneously rather than sequentially. The result was that failure to carry out one subproject did not automatically postpone or cancel a second, whose utility was, in some manner, tied to the first. In addition, the administrative strategy selected was to centralize management and have the entire program directed from Panama City, headquarters of the national ministries. The top-down approach resulted in the enormously complex task of coordination at the center, with little involvement of the expected beneficiaries.

* * * *

There are, I believe, any number of lessons to be learned from this experience. Certainly one is the difficulty in international development work of keeping matters simple. Over the years, if there is any single trap into which I consistently fell it was to promote development efforts that were too complex to be easily managed. The general enthusiasm that usually accompanies a development project, the pressures to accommodate different local and international interests, and an awareness of the many interconnections that accompany development efforts, all urge matters on until, at some point, the administrative system breaks down and failure ensues.

A second significant lesson, virtually a truism, is the need to design programs so that they are genuinely people-based, and methods are established to listen and respond to the people's voices. A corollary lesson is how difficult it is to do this in cultures in which the mode of political behavior has historically been antithetical to popular involvement. Unfortunately, this is the case in many, perhaps most, of the countries in which development efforts take place.

Within the framework in which the Hackenbergs were required to conduct the evaluation of the URBE program, their analysis, it seems to me, was solid. However, in trying to place the URBE program in a larger context, one is plagued with doubt as to whether it would have been possible to have crafted the program significantly different, and, even if it had been possible, whether it would have made any appreciable difference in the result.

It is reasonable, I believe, to assume that had Gen. Torrijos not been killed in 1981 (possibly murdered by the more avaricious drug traffickers within the armed forces) and had Barletta not left the planning ministry to join the World Bank, development plans for the interior of Panama would have progressed more satisfactorily. However, at best, any broad based development effort that affects the well-being of a major portion of a country is tenuous if its success is dependent upon the personal enthusiasm of the strongman of the moment.

Under the most charitable view, the history of governance in Panama has been ruinous — even as a province of Colombia before the United States conspired to convert it into a country. The governments of Panama have been autocratic, centrist, and corrupt. Unfortunately, the influence and periodic military interventions of the United States have probably made it more, rather than less, difficult for the Panamanian people to break out of the mold. Our primary interest has been strategic: to secure the smooth operation of the Canal, and, with Panama as the military base, to control the rest of Central America. Perhaps, therefore, the most important lesson I have drawn from this experience is that in the small countries of Central America the United States should do considerably less and assist others, preferable inter-American organizations, to do considerably more.

NOTES

1. The story of the development of the Panama Canal is told in fascinating detail by David McCollough in his book, *Path Between the Seas: The Creation of the Panama Canal 1870-1914*. (New York: Simon and Shuster, 1977).

2. David E. Lilienthal's stirring book, *TVA - Democracy on the March*, was first published in hard cover in 1944, subsequently in soft cover and pocket size. In an introductory note, Lilienthal presented the book as a "report to the whole people" and "an interpretation of an American achievement." (New York: Pocket Book, 1952).

3. As with most authoritarian figures, appraisals of Torrijos's actions, as well as his character, vary widely. I have always felt that, given the horrendous history of Panama's military, Torrijos was probably as well-directed as was possible at the time. Graham Greene, noted British writer and a friend of Torrijos presented a sympathetic portrait of him in his book, *Getting to Know the General*, (London: Bodley Head, 1984).

4. Charles P. Boyce, *El Sistema Urbano de Panama*. Technical Report prepared for the United Nations (UN Project PAN/72/008, October, 1975).

5. *Estrategia de Desarrollo Regional a Mediano y Largo Plaza*. Technical Report prepared for the Government of Panama by the United Nations (UN Project PAN/72/008, n.d.).

6. *Proyecto de Desarrollo Integrado de la Region Oriental de Panama: Darien*. Study published by the Office of the Secretary General, Organization of American States (Washington: OAS, 1978).

7. Nicanor Gonzalez and colleagues, "Ethnocartography in the Darien," *Cultural Survival*, (Winter, 1995).

8. Robert A. and Beverly H. Hackenberg, "Developing Intermediate Cities as Agro-Industrial Processing Centers: A Project in Western Panama," *Regional Development Dialogue*, (Spring, 1984).