

The Power Of National Political Leaders In Stimulating Economic Growth

~ Ph. D. Associate Professor **Oana Simona Hudea** (*The University of Bucharest, Faculty of Business and Administration, Romania*)

E-mail: simona_hudea@yahoo.com

Abstract: The present paper analyses the impact of national political leaders on the economic growth of a country, trying to reveal the favourable contexts and the available mechanisms at their hand, allowing them to exert such positive influence, as well as the constraints impeding the same to succeed in their attempt to outperform. Considering the examples of great personalities in the entire world, having imposed themselves as true leaders, who have constructively changed the history of their nations, we undertake to detect how much their decisions and actions were actually supported by the circumstances of the time, therefore identifying the extent of the real merits of the former. Leaders, by their conceptual meaning, represent individuals able to inspire trust to fellows and to move them to action, so that their behaviour is, without any doubt, significantly important in setting the patterns for the well-being of the people coordinated by the same, but without stimulating grounds, the synergic effect of their endeavours may remain ineffective.

Keywords: national leaders, political leadership, economic growth, decision-makers, synergic effect

JEL code: F43, O10, O15

1. Introduction

Although endless discussions have arisen and progressively developed, for centuries, on the topic of economic growth, this being one of the subjects the most largely approached by specialists in economics, its correlation with political leadership and the analysis of the impact of the latter on the former has not been highly considered in the literature.

Few studies have been dedicated to such analysis, some of them, deserving to be mentioned in this respect. Gray and McPherson (2000) launch a discussion about the relevance of the quality of national leadership on the progress towards sustained economic growth, analysing for this purpose several continental countries. The conclusion they reach relates to the fact that in a society characterised by rather fragile institutions and by unstable coalitions, a powerful, visionary leader has the capacity to attract the support necessary for implementing policies which, while promoting economic growth, will also generate and enhance welfare. Kaufmann et al. (2002), analyse developing countries in view of detecting the association of good governance, reflected by items such as political stability, regulatory quality, corruption control and many others, with economic growth, finding a strong correlation of the two for most of the studied countries. As the related items are embodied by national leaders, the authors conclude that the latter exercise a significant influence on the well-being of a nation.

Jones and Olkens (2005) study the growth rate changes registered at national level on the succession of political leaders, the leadership variation being reflected by their death, the authors outlining the

eloquent impact of leaders on the development of a country, mainly in non-constraining circumstances, given several tools being at their disposal, especially the one related to the control of the monetary policy. In the same line, Jones (2008) illustrates the impact of national leaders, especially in autocratic circumstances, not only upon the economic development of a nation, but also upon the trajectory of state institutions, therefore revealing the importance of electing adequate leaders and of adopting pertinent economic policies.

Brady and Spence (2010) capture, via several examples from real life, the close relationship between the macroeconomic policies adopted by the entitled organisms, based on the decisions of leaders, and the economic growth, stating that, usually, the selection of the same is not necessarily the best one, given that such choice is made while dealing with a coalition of interests. Also, they suggest the inclusion of their research-related results into a more general theory, enriched and, ultimately, tested. Kigabo (2010) dedicates himself to the analysis of a particular economy affected by deep structural problems, having generated challenges as to the adoption of proper decisions for its economic growth, challenges favourably faced by the related leaders through the increase of the decentralization level, the collective actions of citizens being intensely promoted. Considering the positive influence of such decisions, the author draws some general conclusions about the importance of an open attitude of leaders regarding the participative governance to plead for when confronting with similar patterns. Ying et al. (2010) focus on a more extensive empirical approach of the economic growth process, aiming at understanding the

key elements being at the basis thereof. Their study reveals that the adoption of proper policies and the establishment of sound public institutions are at least equally important as the traditional factor accumulation in impacting on the sustainable development of a nation. The role of leaders, in this context, is vital, these ones contributing to an adequate macroeconomic policy implementation, by their capacity to foresee, to move people and to create a convergence-based consensus for the adopted policies.

Iyoha (2010) talks about a nation characterised by the inability of its leaders to take benefits from the favourable existing conditions and arising opportunities through resorting to a dedicated management meant for the increase the overall competitiveness. Therefore, the author identifies short periods of economic growth, largely due to the adequate policy making and implementation by the leaders of those times, and the much larger contrasting periods, of economic decline, caused, despite of the favourable financial context, by the poor leadership, unable to build viable strategies for a real economic development. Cardoso and Graeff (2010) stress that it is essentially important for a nation, particularly in a global world, to have true leaders, with a coherent vision, able to outperform instead of just reproducing the decisions and actions of heir predecessors, ready to set a better direction for the inherited past and to lay the grounds for a desirable future evolution. To this end, a key element should be considered, namely democracy, allowing citizens to freely deliberate, given that an autocratic leader would be limited in comprehensibly thinking and, as a consequence, in making and implementing the best possible policies.

Lin and Monga (2012) are rather pessimistic, stating, based on the information provided by the social science literature, that there are no incentive-based compatible mechanisms that help national leaders in improving their governance and in eliminating the existing corruption. Acemoglu and Robinson (2012) sustain, based on historical examples, considering the intimate relationship between the economic side and the political one, that a prosperous evolution of a country is largely determined via the establishment of adequate economic institutions, this being achievable by adopting a competitive pluralistic political system and by electing open-minded, visionary political leaders. They antithetically analyse good leadership, transposed into appropriate regimes, having entered a virtuous spiral, and bad leadership, transposed into inappropriate regimes, having reached a vicious spiral, therefore strengthening the importance of finding the right national leaders, selecting the same from the larger mass including powerful individuals exclusively interested in grabbing the governing control, while undermining, for greed-related reasons, the national progress. Myerson (2014) insists on the idea that decentralisation and orientation towards democratic governance are visibly relevant in increasing the chances for achieving a reasonable level of economic development. In this respect, a highly representative political competition is recommended, allowing the people entitled to vote to elect the most qualified leaders, with proper reputation in exercising such responsibility, able to put in place efficient governmental institutions.

Given the existing literature, we undertake hereinafter, after providing a review of the most important theories on political

leadership, to make a brief synthesis of some important moments having marked the history of the world in this respect, trying to reveal, at the same time, the main causes having led to the beneficial effects of the decisions and actions made by different national leaders and the miraculous results generated as a consequence thereof.

2. Theories of political leadership

The reality evidences that leadership is tremendous important in making political institutions perform at their best capacity, this clearly transposing into highly productive social systems and, hence, into an efficient operation of the entire economy, therefore into a sound economic growth

Given such evidence, entitled specialists dedicated themselves to the identification of several theories applicable to political leadership, trying to capture in this way the characteristics of leaders and thus allowing for electing the right individuals, at the right moments, for the right positions, given the existing circumstances.

Therefore, we can mention some basic theories revealing different types of national political leaders, briefly depicted hereinafter and graphically represented in Figure 1:

► Dispositional or trait theory

Allport (1950, 1975) focuses on the psychological analysis of individuals, providing a basis for the identification of their personality traits, such as openness to experience, conscientiousness, extraversion, agreeableness, self-esteem, novelty seeking, perfectionism and so on, traits that can naturally explain the efficient assuming by innate leaders of a leadership role, mainly in political leadership cases.

► Crisis or cause theory

The causes of economic ineffectiveness in a capitalist system and its related consequences are associated with the crisis theory of Marx (1965, 1972, 1978). While economic crisis are difficult and sometimes even impossible to impede, their quick and yet smooth surmounting, without persistence of negative effects, depends on the quality of the crises leaders, ordinary individuals who, in case of unfavourable political or social events, face the challenge of proving extraordinary leadership abilities.

► Transactional theory

This theory encompasses, in the vision of Weber (1948), two types of pure political leaders, as well as other subsequent mixes of the same, considering their inevitable superposition, to a lesser or larger extent, making a clear delimitation thereof: bureaucratic leaders or legal-rational leaders, respectively traditional leaders, trying to reach the established goals by grounding their decisions and actions on both the acquired knowledge and the legal authority with which they are vested.

Burns (1978), while taking over the political leadership advanced by Max Weber and considering the usual cases when political leaders may be immoral, those not being included into the class of true leaders, resorts to a coherent classification of them into the same bureaucratic leaders, following their goals based on an exaggerate formalism, via the political power held, opinion leaders, pursuing to accomplish the set aims by making use of their capacity of influencing the public opinion, political party leaders, desiring to achieve the same by holding positions at the level of the political parties of a country, legislative leaders, engaging in accomplishing their objectives by acting at the

backstage of the political scene while dealing with its related system, respectively executive leaders, dedicated to their goals from a privileged position, such as the one of heads of state.

► Transformational theory

Weber (1948) includes herein a third type of political leaders, charismatic leaders, taking advantage of their particular, special charisma to achieve their aims when acting upon the political system.

More exhaustive in his appreciations, Burns (1978) renders such classification more consistent, by addition to the charismatic leaders considered by Weber other types of leaders, like scholar leaders, aiming at reaching their goals given their visionary personality, reform leaders aiming at reforming the political system, respectively revolutionary leaders, pursuing at quickly bringing revolutionary changes to societies, at political level.

This type of theory, centred on the idea that individuals benefit from equal initial opportunities, having to distinguish themselves by innate and acquired leadership skills in order to be elected, is the form of political leadership theory the most commonly implemented in democratic societies.

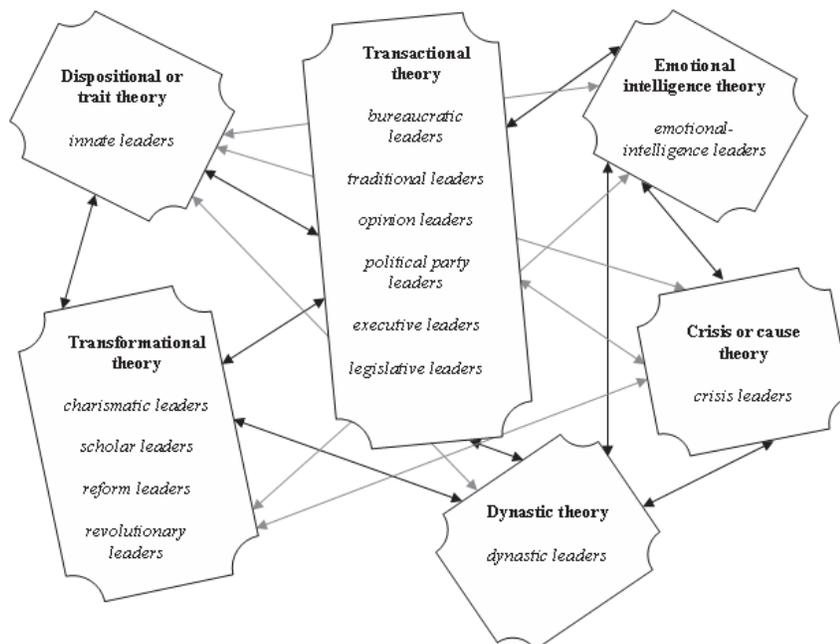
► Emotional intelligence theory

Goleman (1995) undertakes to analyse political leaders from the perspective of their behavioural patterns, therefore capturing a distinctive category thereof, emotional-intelligence leaders pursuing their objectives by resorting to self-awareness, self-regulation, social skills, empathy and motivation.

► Dynastic theory

This theory, ancient and, yet, contemporary, refers to dynastic leaders, individuals becoming political leaders under the influence of their family, represented by parents, brothers/ sisters, husbands/wives or other relatives.

Figure 1. Network of political assimilated leadership theories and related specific leaders



3. Political leadership and economic growth

A question that might arise when discussing about national political leadership is how influential is this on the economic growth of a country, considering that, on one hand, political leaders usually quickly alternate one another to key positions, therefore having diminished opportunities for bringing significant changes to the national economy as a whole and, on the other hand, that any economy is not only cyclical, facing ups and downs in economic terms, but it is also dependent, to a large extent, on the international conjecture that can annihilate potential positive actions of the related political leaders.

Another question requiring an answer, given the debates existing in the studied literature in such respect, concerns the impact degree, determined by the type of adopted political regime, mainly by the autocratic versus the democratic style.

Yet, the world history comes with a lot of examples of great leaders, having succeeded, by their vision, charisma, revolutionary of reformatory impetus or otherwise, in favourable or restrictive times, during revolutions, wars or economic crisis, to find in themselves the power to build something sustainable, standing out in front of their contemporaries as true leaders.

Winston Churchill, prominent figure of UK, lord of the admiralty and Prime Minister during World War I and II, has greatly contributed, with the support of Allies, to the winning of the battle against the Nazi Germany, and to the development of the British foreign affairs. By his determination, force and devotion, he succeeded in imposing himself as one of the greatest world political leaders of all times.

Franklin Roosevelt, American statesmen having ruled for about 12 years, one of the most impressive figures of the 20th century, is credited not only as the main saver of the American and, most important, of the global economy during the Great Depression, but also the one having highly contributed to the defeat of the Nazi Germany during World War II, therefore proving to be a crisis political leader, able to successfully face extreme challenges.

Ronald Wilson Reagan, the 40th President of the United States, is well known for the adopted economic and political measures that have highly contributed to the prosperity of his country, turned into a world super-power, as well as for his intransigent attitude in dealing with the Soviet Union during the Cold War, setting the premises for the falling down of Communism in Eastern Europe.

Margaret Hilda Roberts Thatcher, first female having lead a major political party and first female having become Prime Minister of UK, has adopted a clear position in relation to the conservative policies considered, like the privatization of the state industries or the decrease of the level of taxes, providing the British economy with a fresh, entrepreneurial posture, all this being done by exceptionally facing the quite strong resistance of her opponents, reason for which she is usually designated as the "Iron Lady".

Nelson Mandela, first president of South Africa democratically elected, Anti-Apartheid movement representative figure, fervent anti-racism and anti-poverty fighter, has emerged as a world symbol of the struggle for peace, social justice and reconciliation, aiming at turning the same into a land of freedom and equal chances and at increasing the welfare of his people.

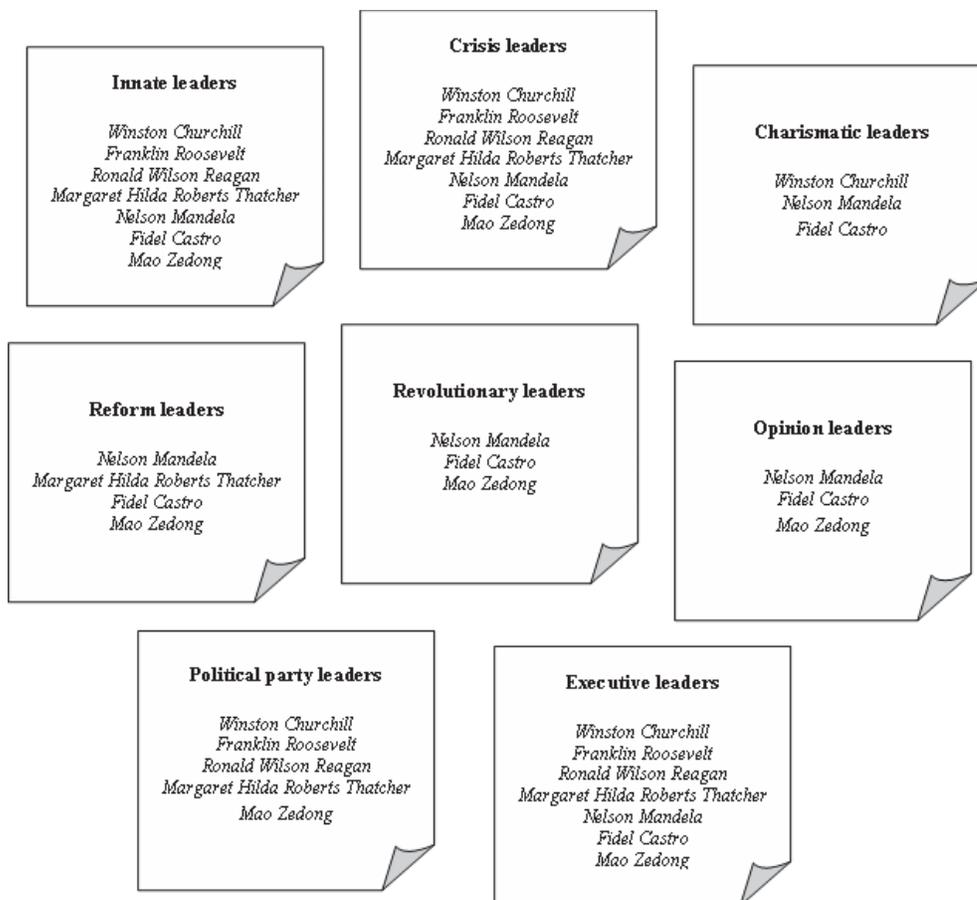
Fidel Castro, initiator, beside Che Guevara, of the Cuban Revolution, afterwards successively holding the positions of Prime Minister and President of Cuba, has succeeded by his courage, strategic and analytical thinking and vision to bring Cuba to a higher level of economic development, therefore standing out as a remarkable national political leader.

Mao Zedong, central figure of the Chinese revolution, founder of the Public Republic of China, and one of the most important one hundred people of the 20th century, has greatly contributed to the transformation

of China, from an agrarian economy into a world super-power, all this due to his extraordinary vision, doubled by a well defined ideology and adequate governance.

As we can see, all such political leaders had a significant impact on the economic development of their countries, either directly, as in the case of Franklin Roosevelt, Ronald Wilson Reagan, Margaret Hilda Roberts Thatcher, Fidel Castro or Mao Zedong, or indirectly, by laying the basis of a climate of trust and stability, as in the cases of Winston Churchill or Nelson Mandela.

Figure 2. Distribution of real prominent figures into political leadership theory specific classes.



The distribution of real prominent figures into political leadership theory specific classes, rendered in Figure 2, helps us in defining a pattern for such leaders. Even if some of them are more charismatic than others, have a more revolutionary attitude, are clearly dedicated to reformatory approaches or evidence a higher capacity in influencing the mass opinion, the greatest leaders of all times are innate leaders, able to efficiently act in crisis conditions, usually holding executive positions, providing the same with the authority of making decisions and of requiring their implementation as such.

The highly exhaustive list of prominent leaders, herein captured to a less extent, just for exemplification purposes, strengthens the idea that irrespective of the length of service, national and international circumstances, economic phase or ruling style, individuals can still make the difference if they are visionary, dedicated to the well being of a nation, willing and ready to act as a true leaders, and not dissimulated persons, affected by corruption and blind to the needs of people.

4. Conclusions

The intention of this paper was to briefly render contexts in which national leaders with various personalities, different ideals,

distinct perceptions and perspectives succeed in creating synergic effects around their decisions and actions, thereby adding significant value to the political and economic life of their nations.

Although the literature review might make us wonder about the actual contribution of national leaders belonging to one class or another of political leadership, as depicted in the associated theories, to their country well-being, the real examples of great individuals deemed to be political icons at worldwide level, captured from a vast list of such international distinguishable figures, help us in realising that the circumstances, be they favourable or unfavourable, are just a subsidiary element for veritable leaders. True leaders is not synonymous with perfect individuals, incapable of making mistakes, but with people able to turn apparently disadvantageous situations into advantageous ones, capable of surmounting difficult periods, ready to continue when the environment seems totally hostile.

The positive examples presented herein are not intended to suggest that political leaders never fail in achieving a desired level of economic growth. They only reveal the potential of such leaders in concentrating positive energies and in making surrounding people move into the right direction.

REFERENCES:

1. **Acemoglu, D., Robinson, J.A.**, *Why Nations Fail*, Crown Business, 2012
2. **Allport, G.**, *The Nature of Personality: Selected Papers*. Westport, CN : Greenwood Press, 1950,1975
3. **Brandy, D., Spence, M.**, *Leadership and Politics: A Perspective from the Commission on Growth and Development*, chapter in *Leadership and Growth*, Commission on Growth and Development, The International Bank for Reconstruction and Development / The World Bank, 2010
4. **Burns J.M.**, *Leadership*, New York, NY: Harper & Row Publishers, 1978

5. **Cardoso, F.H, Graeff, E.**, *Political Leadership and Economic Reform: The Brazilian Experience in the Context of Latin America*, chapter in *Leadership and Growth*, Commission on Growth and Development, The International Bank for Reconstruction and Development / The World Bank, 2010
6. **Firth, R.**, *Introduction: Leadership and economic growth*, *Int. Soc.Set.J.*, Vol.XVI, No.2, 1964
7. **Goleman D. P.**, *Emotional Intelligence: Why It Can Matter More Than IQ for Character, Health and Lifelong Achievement*. Bantam Books, New York, 1995
8. **Gray, C., McPherson, M.**, *The Leadership Factor in African Policy Reform and Growth*, African Economic Policy, Discussion Paper No. 29, 2000
9. **Iyoha, M.A.**, *Leadership, Policy Making, and Economic Growth in African Countries: The Case of Nigeria*, chapter in *Leadership and Growth*, Commission on Growth and Development, The International Bank for Reconstruction and Development / The World Bank, 2010
10. **Jones, F.B.**, *National Leadership and Economic Growth*, New Palgrave Dictionary of Economics, 2008
11. **Jones, B.F., Olken, B.A.**, *Do Leaders Matter? National Leadership and Growth since World War II*, *Quarterly Journal of Economics*, 2005
12. **Kaufmann, D. et al.**, *Governance Matters II*, Policy Research Paper, 2772, World Bank, Washington, D.C., 2002
13. **Kigabo, T.R.**, *Leadership, Policy Making, Quality of Economic Policies, and Their Inclusiveness: The Case of Rwanda*, chapter in *Leadership and Growth*, Commission on Growth and Development, The International Bank for Reconstruction and Development / The World Bank, 2010
14. **Lin, J.Y., Monga, C.**, *Solving the mystery of African governance*, *New Political Economy* 17(5): 559-666, 2012
15. **Makandi, P.**, *eHow Contributor*, retrieved from http://www.ehow.com/list_7485387_theories-political-leadership.html, on April 3rd, 2016
16. **Marx, K.**, *Capital, Vol. I (CI)*, FLPH, Moscow, 1965
17. **Marx, K.**, *Capital, Vol. II (CII)*, Penguin, Harmondsworth, 1978
18. **Marx, K.**, *Capital, Vol. III (CIII)*, FLPH, Moscow, 1972
19. **Myerson, R.B.**, *Democratic Decentralization and Economic Development*, 2014, retrieved from <http://home.uchicago.edu/~rmyerson/research/decent.pdf>, on April 1th, 2016
20. **Weber, M.**, In G. Roth & C. Wittich (Eds.). *Economy and society: An outline of interpretive sociology*, Berkeley: University of California Press, 1948
21. **Ying, T.Y., Eng, A., Robinson, E.**, *Perspectives on Growth: A Political-Economy Framework -Lessons from the Singapore Experience*, chapter in *Leadership and Growth*, Commission on Growth and Development, The International Bank for Reconstruction and Development / The World Bank, 2010
22. **Listovative**, *Top 15 Greatest Leaders of All Time*, 2014, retrieved from <http://listovative.com/top-15-greatest-history-leaders-of-all-time/>, on April 20th, 2016
23. **Money-Zine.com**, *Theories of Political Leadership*, 2016, retrieved from <http://www.money-zine.com/career-development/leadership-skill/leadership-theories/>, on April 24th, 2016
24. **Society for Recognition of Famous People**, *Political Leaders*, retrieved from <http://www.thefamouspeople.com/political-leaders.php>, on April 20th, 2016
25. **Time**, *Top 25 Political Icons*, retrieved from http://content.time.com/time/specials/packages/complete_list/0,29569,2046285,00.html, on April 20th, 2016