Role of Political Leaders in Economic Development: A Conceptual Study

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Abstract: Political leadership has been studied by scholars from different perspectives. In this paper the role played by the political leaders in economic development has been studied in order to highlight some new leadership dimensions which have not yet been explored adequately. The conceptual paradigm for this study drawn from the theory of Collective Goods (Frohlich, Oppenheimer, Young 1971), Game Theory (Brams 2004) and Anthony Downs' 'An Economic Theory of Democracy' (Downs 1956). These concepts help us in understanding why most of the leaders adopt generally transactional leadership approach rather than transformational style due to electoral compulsions. The role of political leaders has been studied with the help of Esther Cameron and Mike Green's five-fold role model which has been elucidated in their work. With the substantiation of data relating to the economic development under taken by the MLAs through MLA Lad utilization, it has been suggested that a political leader through a role-mix can prove his effectiveness and ensure electoral success in a sustainable manner.

Keywords: Political leaders, MLALAD, Charismatic leadership,Authority

Introduction

Leadership is unidentifiable as it has no physical manifestation. Instead it is an abstraction. Leadership' is an essentially contested concept and is explained through other concepts, such as 'power', 'influence', authority' and 'control' etc.

There are different types and forms of political leadership as well as different arenas in which political leadership must be exercised. Types and forms of political leadership correspond to the manner in which leaders exercise leadership. They include charismatic leadership, heroic leadership, revolutionary leadership, innovative leadership, transforming leadership, transactional leadership, sensual leadership, reactive leadership and managerial leadership. An individual may have to exercise a combination of these different types and forms of political leadership at any one time (Elgie1995:p.4).

Political leaders are able to shape the course of the decision-making process. However, they do not enjoy complete freedom to shape policy outcomes. Because all leaders are constrained to certain extent by the given circumstances. Hence Robert Elgie adopts an interactions approach to the study of political leadership (Elgie1995:p.5) in which he analyses the actions of political leaders in terms of their interactions with the given environment.

In the context of economic development, the 'role' of political leaders has two types of connotations. Role means the 'significance' of the political leaders in economic development and the manner in which they derive utility from that.

The other connotation of the term 'role' is the manner in which the political leaders act within a socio-political environment.

In the present paper an attempt has been made to analyse political leadership in terms of both theoretical perspectives and practical application in bringing about economic development. In this context it has explored and examined the concepts related to economic development in a democratic political system and leadership roles played by the political leaders participating in electoral politics. These concepts then can be substantiated empirically for establishing their utility in an objective manner primarily for finding out methods by which such roles can be modulated in order to ensure rich dividends both for the leaders as well as for the state.

Review of Literature

Collective Goods Theory

Political leaders function as decision makers in respect of different projects which contribute to the economic development of people. These projects create facilities which are indivisible and shared by people in common and hence termed as 'collective goods' by economists. A collective good is defined as any good that cannot be withheld from any member of a specified group once it is supplied to one member of that group.

Characteristics

Collective goods have two important characteristics. Firstly, collective goods are generally costly to supply. Second, collective goods cannot be supplied through market mechanisms in a social structure (Frohlich, Oppenheimer, Young 1971: p.3). Collective goods are supplied through procedures or arrangements other than market mechanisms. Most of the public works undertaken by the political leaders in our country will fall within the ambit of definition of collective goods Hence, the analysis of collective goods impinges on the study of politics. The procedures suggested over the years for the provision of such goods, have often accorded a leading role to governmental mechanisms and the

political leaders as public representatives who ensure their availability.

Interest groups vs. Free riders

Economists such as Baumol, Olson and Samuelson have applied the tools of economics to analyse the problems of supply of collective goods in social structures. According to Olson even if all the individuals in a large group of people stand to gain it as a group they act to achieve their common interest or objective, they will still not voluntarily act to achieve that common or group interest. Because while there is an '**interest group'** which finds it beneficial to have a collective good, there is a group of **'free riders'** who attempt to enjoy the benefits of a collective good without contributing to its supply (Frohlich, Oppenheimer, Young 1971: p.4-5; Olson 1965: p.2). It thus requires the intervention of a political leader to resolve the conflicts among different sections of a group which crop up while undertaking economic development through the projects which create collective goods.

Political Entrepreneurship

Definition

Norman Frohlich and Joe A. Oppenheimer in their work *Political Leadership and Collective Goods* define political leader as an individual who acts to supply a collective good without providing all of the resources himself (Frohlich, Oppenheimer, Young1971: p.6). According to them a political leader can also be termed as a **political entrepreneur** who finds this role valuable as the total resources he can collect as a leader exceeds his costs there by producing a 'leader's surplus' (Frohlich, Oppenheimer, Young1971: p.7). Political leaders are required to bear two types of costs: the cost of supplying 'the collective good', and the cost of providing a 'collection organization' (Frohlich, Oppenheimer, Young 1971:p.7). However, rational leaders will opt role of economic development as the surplus they can achieve after offset of the above costs compares favourably with the utility they can obtain from other roles in the social structure. It is the political leader's motivation for profit that accounts for

the development of a collection organization and the supply of collective goods (Frohlich, Oppenheimer, Young1971: p.8).

Political Competition

Competition among political leaders and political parties is quite rampant in these days. It is suggested that the competitor may attempt to achieve a leader's surplus on the same basis as the original leader by supplying a different set of collective goods to the group. Further a competitor may also try to replace an incumbent leader, thereby becoming a direct opponent for the incumbent's role (Frohlich, Oppenheimer, Young1971: p.9). Under such circumstances an incumbent leader will try to maximize his surplus over some specific period of time by providing more of collective goods to the people. Hence, existence of competition gets reflected in the manner in which projects providing collective goods are implemented by the political leaders.

Strategic Interaction

According to Norman Frohlich and Joe A. Oppenheimer supply of collective goods involves **strategic interaction**. Strategic interaction refers to the behaviour of two or more individuals whenever the choices of each are contingent upon his estimation of the choices of the other(s) (Frohlich, Oppenheimer,Young 1971:p.10). With the introduction of political competition strategic interactions will occur at four levels - among the ordinary members of the social group belonging to the area where the collective good is created, between the political leader and his supporters in the area, between the incumbent leader and his opponent(s) and between the opponent(s) and the ordinary members (Frohlich, Oppenheimer, Young1971: p.11).

In some cases, though set up is non-competitive, yet the supply of collective goods is found to be sub -optimal due to lack of enterprise on the part of the political leaders. Thus it has given rise to the scholars suggesting that wherever **political leaders** play role of **political entrepreneurs,** there they can ensure optimal supply of collective goods and people can get meaningful amount of such goods (Frohlich, Oppenheimer, Young 1971: p.12).

Political Entrepreneurship and Resource Mobilization

A crucial function of political leader as political entrepreneur involves pooling of resources. He acts as a coordination mechanism by controlling or manipulating the expectations and behaviour of the individual members of the group. A political leader, supplies positively valued collective goods to people who act as their consumers while he expects to earn profits for this exercise in the form that the people receiving such benefits would cast their votes in his favour and ensure his electoral success (Frohlich, Oppenheimer, Young 1971: p.25).

Game Theory

Role of political leaders in economic development can be understood with the help of the mathematical model of game theory. Norman Frohlich and Joe A. Oppenheimer in their book *Political Leadership and Collective Goods* have applied the principles of Game Theory to explain the decisions taken by the political leaders while creating collective goods.

Game theory is a branch of mathematics that was formulated by John Von Neumann and Oskar Morgenstern in their book *Theory of Games & Economic Behaviour* in 1944. On the basis of Game Theory different mathematical models to explain conflicts and cooperation among rational decision makers have been developed.

Game theory is the mathematical analysis of a conflict of interest to find out optimal choice that will lead to desired outcome under given conditions. It is a study of ways to win in a situation given the conditions of such situations. Game theory can be used to predict outcomes arising out of the activities of the political leaders.Thus, the preferences of other players, and choices consistent with these preferences, must be explicitly taken into account when one chooses an optimal course of action. Where a conflict exists, it is assumed to arise from the genuinely different interests of players.

With rampant political rivalries jeopardizing the process of economic development involving creation of collective goods, there is a necessity for political leaders to strive for cooperation rather than confrontation on different occasions to create a win – win situation. Present political leaders need to develop a new way thinking that makes room for collaboration as well as competition, for mutual benefits and tradeoffs, there by being guided with the rules of game theory (Brams 2004; Frohlich, Oppenheimer, Young 1971: p.132 & p.134).

Economic Theory of Democracy

According to Anthony Downs in democracy, the member of the electorate is a political man who approaches every situation with an eye on his gains and costs, a delicate ability to balance them, and a strong desire to follow wherever his rationality leads him. As per this premise, a political leader as decision maker evaluates the alternatives facing him by their relation to his ends, even if these ends are temporary or are themselves means toward some ultimate end(Downs 1956: p.4-5). In the democratic set up of Indian politics it is thus quite obvious that influencing voters in one's own favour and electoral success will be the ends being pursued by an MLA. Winning the next election is the goal pursued by a political leader who wins an election. The same goal is also cherished by the parties who could not succeed in the previous election and thus remained out of power. Such circumstances would thus strongly influence the decision of the MLA to chose a project under MLALAD which is substantiated by our empirical studies.

The decisions of a political leader who is part of electoral politics largely depend upon how he thinks voters will cast their votes in the coming election. The following statements delineate a relationship of mutual interdependence, which can be transposed into a set of equations as follows(Downs 1956: p.72-73).

t stands for the whole election period.

V stands for actual votes cast for the incumbents.

V' stands for expected votes the political leader feels will be cast for it.

A stands for actions of the political leader

U stands for voters' 'utility incomes' from actions of the political leader

e stands for the date of the election at the end of period t.

P stands for the strategies of the opposition parties.

f_i Stands for a functional relationship.

The actions of the political leader are a function of the way it expects voters to vote and the strategies of its opposition:

$$A_t = f_1(V'_e, P_t)$$

The political leader expects voters to vote according to changes in their 'utility incomes' and the strategies of opposition parties:

$$V'_e = f_2(U_t, P_t)$$

Voters actually vote according to changes in their 'utility incomes' and alternatives offered by the opposition:

$$V_e = f_3(U_t, P_t)$$

Voters' 'utility incomes' from political leader's activity depend upon the actions taken by the political leader during the election period:

$$U_t = f_4(A_t)$$

The strategies of opposition parties depend upon their views of the voters' utility incomes and the actions taken by the political leader (MLA in the present case) in power:

$$P_t = f_5(U_t, A_t)$$

This set of five equations has five unknowns: expected votes, actual votes, opposition strategies, actions of political leaders, and individual utility incomes. Utility income in this case means the benefit accruing to a person. It is evident from these equations that the decisions taken by the MLAs in different professional matters and especially with regard to the projects

undertaken under MLALAD can be explained by the circularity of the analytical structure i.e. votes depend upon actions, and actions depend upon votes. The media through which this dependence operates are, in each case, the utility incomes of individuals and the strategies adopted by opposition parties(Downs 1956: p.73).

Fivefold role model for Political Leaders

Esther Cameron and Mike Green in their work "*Making Sense of Leadership: Exploring the five key roles used by effective leaders*" They have explored five core roles which successful leaders step into in order to lead well and make things happen. These five types of roles have been termed by them as follows- i) the Edgy Catalyser, ii) the Visionary Motivator, iii) the Measured Connector, iv) the Tenacious Implementer and v) the Thoughtful Architect. In this work each role has been analysed in terms of its attributes or features, the core values, the inner experiences, the outer presentations, the organizational aspects, the situations in which the role is most useful and how this role might need to be adopted to particular organizational cultures(Cameron, Green 2009: p.11-16).

According to Cameron and Green the five-fold role of political leaders is as follows:

Edgy Catalysers focus on what causes 'discomfort' for people and dysfunction in the system. They identify what needs to be changed and is willing to deal with the resistance to such change (Cameron, Green 2009: p.26-30).

Visionary Motivators initiate a change process through 'buy-in' as they are able to articulate a compelling picture of the future, motivate and inspire people for achieving certain goals (Cameron, Green 2009: p.27-30).

Measured Connectors function as leaders striving for change by focussing on connectivity among different stakeholders who are part of a complex network so that they share and develop a common purpose. They play the role of 'network leaders' and face the challenges which occur at the interfaces among different people, teams, groups and functions by establishing some simple rules(Cameron, Green 2009: p.28-30).

Tenacious Implementers believe that leadership of delivery is just as important as developing the vision at the first place. They focus on projects and tenaciously pursue the plans, hold people accountable, monitor the projects for their timely completion(Cameron, Green 2009: p.28-30).

Thoughtful architects observe the environment and focus on designing well-thought -through workable strategies in an innovative manner. They craft seemingly disparate ideas into a way forward. However, they generally design long-term strategies(Cameron, Green 2009: p.29-30).

It is found that some leaders prefer to use just one of the roles while others use a mixture of different roles. Many leaders can identify at least one role that seems difficult for them to adopt (Cameron, Green 2009: p.6). For a political leader to bridge the gap between transactional and transforming leadership thereby bringing significant change in the lives of people through economic development it is desirable that he should adopt a 'role-mix' rather than playing one type of role (Cameron, Green 2009: p.5-7).

A mix of roles enables the political leaders to acquire the necessary political skills which in turn would help them establish their effectiveness in professional life irrespective of the constraints of personality factors and uncertainties of the working environment. The process of dynamic interaction of political leadership with the complex political environment can be properly handled through a 'role-mix' which is exhibited by some versatile political leaders and that accounts substantially for their sustained success in political career. Our analysis based on empirical data substantiate such findings.

Empirical Substantiation of Concepts

The empirical substantiation of the above mentioned concepts on political leadership can be done with the help of the data collected on the roles played by the MLAs of Odisha to contribute to the economic development by utilizing the MLALAD funds. The extent to which they are

able to further their electoral interests by undertaking developmental activities through MLA lad utilization would high light their leadership attributes as well as their effectiveness.

With a view to increasing the participation of local people and their representatives in the planning process, which is one of the main objectives of decentralised planning, the concept of Members of Legislative Assembly Local Area Development Fund "MLALAD Fund" has been introduced in the State of Odisha since 1997-98 similar to that of MPLAD Fund introduced by Govt. of India in 1993(Planning and Convergence Department, Govt. of Odisha). For the period from 2014 to 2019 MLALAD used to be Rs.1.00 Crore per annum which is enhanced to Rs. 3.00 crore per constituency since 2020-21 (Planning and Convergence Department, Govt. of Odisha, 2020).

The "MLALAD Fund" is intended to be utilised for small but essential projects/works based on the felt needs of the local public. It is also meant to be used for providing missing links to operationalise non--operational plan assets for which funds cannot be provided under any other on-going programmes. This fund is not tied to any development sector but nonetheless it shall be governed by certain guidelines, as given below and all established administrative and financial procedures of the State Government for implementation of Development Programmes will apply to the utilisation funds under MLALAD Scheme.

Types of Projects

A project shall be considered admissible for sanction of funds under MLALAD Scheme if it is a programme of developmental nature which comes under district sector schemes/ subjects including 10% Urban Local Body Share in the schemes, is non-recurring, creates some assets for future benefits of the public directly, is a community programme, is a preventive, curative, protective and/or productive programme.

The projects taken up under MLALAD include infrastructure such as rural electrification, rural roads, improvement of school infrastructure, Ayurvedic dispensaries, drinking water supply system, small and minor irrigation infrastructure, cattle dispensary, community prayer halls, public library buildings, Bhagabatghar repair/ construction of religious institution by way of renovation, restoration and/or repairs of religious institutions or places, Public lavatories, Public Urinals. Building of Govt./Non-Govt. High Schools & Colleges etc. It is seen that the MLALAD can be used in different fields such as health, education, religious institutions, community centres, hostels etc.

An analysis of the MLALAD projects in the light of the concepts of collective goods would reveal that they contribute more to the strengthening of the infrastructure necessary for greater community participation in the social, cultural, educational fields thereby increasing public convenience and satisfaction. However, their contribution to the growth of the economy is indirect. They hardly contribute directly to the income generation of people.

Method of Selection

The selection of a project under MLALAD is generally done by an MLA on the basis of the requests received from people and their organizations of their respective constituencies from time to time. Application of the principles of Game Theory and Anthony Downs model would make us realize that a major criterion for selection of a project under MLALAD is the extent to which it would generate support of the voters in favour the political leader. Exhibition of transactional leadership style predominates the process of allocation of funds for an MLALAD project as larger the size of the beneficiaries supporting the political leader higher is the amount sanctioned for the project.

Execution of Project

Before sanction of funds under MLALAD preparation of plan and estimate, issue of technical sanction, administrative approval and all other formalities are observed. The Collector

is expected to select appropriate executing agency for implementation of projects and release the funds for the purpose in accordance with sanction. However, generally the MLA concerned who takes the decision with regard to the amount of funds allocated for MLALAD projects also decides the executing agencies of the projects and devises his own mechanism for effecting coordination and linkage for monitoring the execution of the projects.

As MLALAD is used by an MLA primarily to satisfy his electorate he chooses the executing agencies recommended by the village committees and on whom he can exercise his effective control.

Analysis of Projects under MLALAD at Block Level

Analysis of projects undertaken through MLALADs for Block Y for the period from 2014-2019															
Type of Projects	2014-15		2015-16		2016-17		2017-18		2018-19		Total		Total in %		Average Cost (in Rs. Lakh)
	Amount Sanctioned (in Rs. Lakh)	No. of Projects	Amount Sanctioned (in Rs. Lakh)	No. of Projects	Amount Sanctioned (in Rs. Lakh)	No. of Projects	Amount Sanctioned (in Rs. Lakh)	No. of Projects	Amount Sanctioned (in Rs. Lakh)	No. of Projects	Amount Sanctioned (In Rs. Lakh)	No. of Projects	Amount Sanctioned (in %)	No. of Projects (in %)	
Construction of Community Centres	6.00	2	0.00	0	15.19	12	12.79	7	19.50	10	53.48	31	66.04	59.62	1.73
Religious Places Related	0.00	0	0.00	0	6.30	9	5.70	5	12.50	6	24.50	20	30.25	38.46	1.23
Educational Institutions Related	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0.00	0.00
Miscellaneous (includes Street Light, Drinking Water Facilities, etc.)	0.00	0	0.00	0	0.00	0	3.00	1	0.00	0	3.00	1	3.70	1.92	3.00
Total	6.00	2	0.00	0	21.49	21	21.49	13	32.00	16	80.98	52			

The above data with regard to the allocations for projects taken up under MLALAD of block Y (Name kept confidential) would indicate that the projects have been selected primarily on four areas. These projects help creating collective goods meant for community satisfaction rather than income generation. The maximum average cost of a project being Rs.1.73 lakh can hardly bring a transformation in the economic condition of people. A political leader through the execution of a project under MLALAD can therefore play the role of an Edgy Catalyser or Measured Connector. He has some scope of playing the role of Tenacious Implementer if he ensures the sanctioned projects are implemented within the stipulated time maintaining the quality with regular monitoring of the executing agencies. However, there is little scope for a political leader to play the role of a Visionary Motivator or Thoughtful Architect while creating collective goods through MLALAD (Cameron, Green 2009: p.26-30). Hence creating collective goods in the conventional manner of MLALAD utilization makes a political leader to be only a 'player' of the uncertain 'game' of electoral politics counting on 'moves' of self and that of the opponents as envisaged under the formulations of the Game Theory. This enables him to play primarily a transactional role. However, he has little scope to exhibit his worth as a transforming leader by adopting such type of methods of MLALAD utilization.

Conclusion

A political leader participating in the electoral politics of India faces a big challenge of an uncertain dynamic political environment within which he has to prove his leadership effectiveness. His continued success in securing the popular mandate higher than the competitors in the election depends on the extent to which he can strike a balance between his transactional and transformational leadership roles. He can also ensure continued electoral success by adopting 'role mix' of Cameron and Green's five types of roles instead of sticking to some roles while

overlooking the importance of others. This strategy can be adopted by an MLA while undertaking economic development of his constituency with the utilization of the MLA lad funds.With the enhancement of the amount of MLALAD from Rs.1 cr.to Rs.3 cr. since 2020-21, the resources at the disposal of an MLAhas become more.If the MLALAD contribution can address to some specific critical components of a big project being executed in the constituency with Government budgetary provision which the political leader discovers playing the role of a Thoughtful Architect and then he gets involved in a time bound completion of these projects playing the other four types of roles, then he stands to gain more by investing less. Because of his 'role-mix', the electorate would perceive the political leader as a transforming leader deserving their continued support.

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