

## **HOW GOOD LEADERSHIP CAN AFFECT PUBLIC POLICY – PARTY FINANCING**

Duarte Mendes

[melhorduarte@hotmail.com](mailto:melhorduarte@hotmail.com)

## **Abstract**

This paper will address the theme of the impact of public funding of the parties, because it was something that in recent years has given immense controversy and, according to some authors, made people feel even less represented. But is it true? The artigo will have a main goal which is to understand whether good leadership can affect a public policy. Having as "secondary" objectives to perceive the theories of organization and leadership and the effects of good leadership. In general, to understand the connection between these concepts, it is necessary to talk about public policies and their formulation. It is important to stress that all parties with parliamentary seats receive a so-called "subsidy" depending on the Members they have. There are several factors that can influence public policies or not, but when implementations are three steps that a leader must follow. Now the question is, have these laws been "respected" in the party funding law? This law has been soured in controversy for many weeks. What was the reason?

**Keywords:** Party Financing; Public policies; Rules; Leadership

## **Introduction**

There is a clear problem between political society and citizens, just analyses the abstention numbers of the last elections (be it legislative, presidencies or local authorities). Even with the new political forces, citizens continue to feel somewhat "wronged" for the work of the rulers. Although there is no consensus among politicians for such phenomena, it can be understood that one of the reasons for this problem, is corruption and non-information. An example of this was the case of the law on the financing of parties.

Based on several articles and studies, this article will address the theme of leadership and public policies (more specifically that of the fundamental partisan). The reason for choosing the theme was due to the personal interest in the area of public policies and the curiosity to exist, or not, a link between good leadership and the success of a given public policy. The problem under study will be the impact that good leadership has on a given public policy, being studied the area of public policies. To reach a conclusion on this topic, a research question is needed that will be "could good leadership have affected the party funding policy?". The choice of this research question is due to its relevance and being able to help to better understand this theme under study. The law on party financing will be studied, as well as several articles and books by authors on leadership and party financing policy. A public policy will have to be studied only.

As to the objectives this research will have a central objective and three specific objectives. The "main" objective will be to understand whether or not good leadership could have affected a particular public policy (in this case party funding). The specific objectives will be:

- Study the area of organization and leadership.
- The effect of a good leadership
- Study the effect between poor leadership in this policy and in a way the link to its "controversy".

## **Literature Review**

To understand the effectiveness of good leadership in public policy it is necessary to start by referring to what is meant by "leadership. A simple definition is that leadership is the art of motivating a group of people to act to achieve a common goal. In a business environment, this can mean targeting workers and colleagues with a strategy to meet the needs of the company. This definition of leadership captures the essentials of power and be prepared to inspire others. Effective leadership is based on ideas (original or borrowed), but it won't happen unless those ideas can be communicated to others in a way that involves them enough to act as the leader wants. Simply put, the leader is the inspiration and the director of the action. They are the person in the group who has the combination of personality and leadership skills to get others to follow their direction.

Hence the importance of a good "leader" in the creation of a public policy and its implementation (Dwivedi, 2020).

Leadership theories seek to explain how and why certain people become leaders. Such theories typically focus on the characteristics of leaders, but some try to identify the behaviors that people can adopt to improve their own leadership skills in different situations. Early debates about the psychology of leadership often suggested that these skills were simply skills with which people were born. In other words, these theories proposed that certain people were simply "born leaders". Some more recent theories propose that possessing certain characteristics can help make people leaders in nature, but this experience and situational variables also play a critical role. There are several theories, but only three will be addressed.

Starting with the "great man" theory, according to this point of view, great leaders are simply born with the necessary internal characteristics, charisma, confidence, intelligence, and social skills that make them born leaders. The great man theories assume that leadership skills are inherent - that great leaders are born, are not created. These theories often portray great leaders as heroic, mythical, and destined to rise to leadership when needed. The term "Great Man" was used because, at the time, leadership was thought primarily of a male quality, especially in terms of military leadership (Hodgson, 2003).

The Trait Theories Similarly to the theories of great men, the theories of characteristics assume that people inherit certain qualities and characteristics that make them more suited to leadership. Theories of characteristics usually identify a specific personality or behavioral characteristics shared by leaders. For example, characteristics such as extroversion, self-confidence and courage are characteristics that could potentially be linked to great leaders (Hodgson, 2003).

Contingency Theories that focus on specific variables related to the environment that can determine which specific leadership style is best suited for the situation. According to this theory, no leadership style is better in all situations. Leading researchers White and Hodgson suggest that truly effective leadership is not just about the qualities of the leader, but about finding the right balance between behaviors, needs and context (Hodgson, 2003).

Furthermore, it is important to talk about how good leadership affects productivity. The influence that leadership can exert on employee productivity is a determining factor in achieving good results within a company. This is responsible for directing the work of the teams to achieve the objectives, identifying which points can be improved to increase performance and influence employee enthusiasm. That is, it is this professional who provides the necessary tools for employees to present good results, such as:

- clear and precise planning.
- adequate time management;
- relevant training;
- availability of the necessary resources.
- promotion and maintenance of team engagement.

The team's productivity will follow the profile of your leadership. If people management is good, productivity will also be good. If this leadership is flawed, the results will be left to be desired.

What remains to be known is whether or not good leadership is linked to the "success" of a public policy. According to Lamm (2019) "*leadership is the most important factor influencing federal agency performance and government effectiveness*", Lamm also says that for a government leader keep the people safe, has leadership skills. This is because public

policies involve a "public concern", that is, there will always be inputs and outputs. Hermann and Hagan (1998) said that leaders had and had a direct effect on how the people receive the implementation of the new policies. To understand public policies, it is necessary to know its definition that according to Cochran is in the "*intentional course of action followed by a government institution or official for resolving an issue of public concern*". A process for conceptualizing a public policy involves five steps.

- Identify the problem.
- Formulate policy;
- Adoption of the policy;
- Implementation of the policy;
- Evaluation of the policy.

The process of formulating a public policy is complex and must involve public opinion, something that has not happened in the "desired" way with the law of party financing. In addition, the problem must be placed on the political agenda. As a public policy was said it was an action to solve a particular problem. This is because the policy itself is directly linked there is its identification. The political agenda refers to the set of subjects and tactics employed by ideological or political groups; in addition to the topics of debate of a government executive or cabinet in a government, which try to influence the news and the current and future political debate (Anderson, 2009). Depending on a leader's ability, they must be able to identify problems. For the author there are groups that have an important role in the formulation of public policies, because they can identify problems and find alternatives (Lamm, 2019)

In the process of formulating public policies, the first action to be taken when a situation is seen as a problem – and is therefore included in the political agenda – is to define the lines of action that will be adopted to solve the issue. The definition, however, generates a political clash between groups who will see the lines of action as seen of the favorable or contrary to their interests. At this point, the objective of public policy, what programs will be developed and the goals to be achieved. At the end of the process of defining these three items, several proposals for action will be rejected. This choice, in addition to having to worry about the repercussion with social groups, should take into account what the technical staff of public

administration thinks, including with regard to resources – material, economic, technical, personal, etc. A good process of public policy making follows, in general, the following steps:

- Conversion of statistics into information relevant to the problem.
- Analysis of the preferences of the actors.
- Action based on acquired knowledge.

After formulated public policy come its adoption and is moved to what Anderson calls the "policy adoption stage". "Effective" leaders have been found to support the adoption of this process. A good leader, in addition to supporting the process of adoption of the new public policy, has to get the new policy to focus on a problem. A good leader can use "relationships" to inspire joint action (Lamm, 2019).

The next phase is the implementation of public policies. According to Lamm, the policies are implemented in three steps.

1. The means to implement the policy are identified. Leaders must have an ability to interpret to gain confidence.
2. When the implementation process is described as an "ability" to move from objectives to rules. To facilitate this process, leaders must have communication capabilities;
3. Coordination of resources.

Something of course after a policy is "made and implemented" is its assessment. This step represents *"efforts by the government to determine whether the policy was effective and why or why not"* (Anderson, 2011). A good leader should also have the autonomy to evaluate a policy even if it has been a "fiasco", there must therefore be a criterion (Andersson, 2011).

Based on everything that has been said, Lamm says there must be a "policy leadership conceptual model". The first step of this "model" is to identify the problem and put it on the political agenda. Such an act must be done with caution, for a leader represents a whole. After becoming a problem on the political agenda, politicians begin the process of formulating. Parra if more effective leaders should help with technical aspects. Once formulated come its adoption, where leaders help with their ideas in the process. When implementations are three steps, too, that a leader should take. 1° the leader must show support in identifying a problem

and in its solution; 2nd the leader reviews help to move from "objectives to rules"; 3rd must know how to evaluate the policy itself.

So it is understood that there are various types of leadership and definitions of it and also of how a policy should be "done" in the field of good leadership, but to connect with the policy of financing the parties it is necessary to talk about this same law. The financing of political parties in Portugal, it is essential to realize the law of Financing political parties and election campaigns, which is law no. 19/2003, of June 20. The nine political forces that elected Deputies in the last legislative elections will receive a total of 64 million euros in state subsidies over the next four years, according to accounts made and published by the News Journal. Of this total, eight million are in grants related to the legislative election campaign, awarded to the parties according to the number of votes obtained. The remainder concerns the grants that will be awarded annually during the legislature to support party activity and elected deputados. It can be seen that the parties win and lose with the results of the last elections (Jornal de Notícias, 2019).

With regard to the financing of the election campaign, three of the nine political forces will lose money, having spent more than what they will receive depending on the votes obtained: CDS (which spent 700,000 euros and will receive 490,000); CDU (which spent 1.2 million and will receive 644.1 thousand) and Left Bloc (which spent 983,700 and will receive 867.9 thousand). Already parties such as Livre and the Liberal Initiative, Chega or the NAP are entitled to amounts much higher than those they have spent — particularly Livre, which has spent 11,000 euros and is entitled to receive 269,700. However, in these cases, the parties only receive what they have spent. In total, of the 8.7 million euros that were available to distribute by the parties that elected a deputy or that gathered more than 50,000 votes, the state should only spend about 7.6 million (Jornal de Notícias, 2019).

The parties also receive, in addition to the funding for the election campaign, annual grants to finance party activity and a value of EUR 1,765 per year for each elected Member. The party that will receive the least is Livre, which will receive 161,700 euros per year and also 1,765 euros per year for Mrs Joacine Katar Moreira; the most important is the PS, winner of the elections, with 5.4 million euros per year and 187.1 thousand euros per year for elected



Socialist Deputies. The amounts received by the parties will force spending cuts in the CDS and PSD and will allow others, such as the PAN, to strengthen investment in human resources, as revealed by party leaders heard by the *Jornal de Notícias*. In line with what it had already promised, the Liberal Initiative will dispense with the financing of the election campaign (the party spent 50,000 euros and could receive up to 283,600 due to the votes it collected), although it accepts grants to support party and parliamentary activity, totaling 192,200 euros per year (*Jornal de Notícias*, 2019).

But as we know this topic has always been involved in controversy. Based on the "social crisis" that haunted the Portuguese after this law was made news and the changes that were made to it, Tiago Varzim shows what happened in an article. Only CDS and PAN diverged in the VAT exemption and at the end of the ceiling of fundraising revenues. But there are doubts about the pending cases. Parliament has come together to make changes to the financing of parties, but the PSD and the PAN voted against two measures: the total exemption from VAT and the end of the fundraising revenue ceiling. After all, what's changed? And what is left to know? There is at least one question: do the amendments apply to pending cases? Source of the working group that prepared the legislation assures the ECO that the text leaves open retroactive application. It is one of the last changes to the diploma, but it can change the course of legal proceedings. The new law provides for a transitional rule: "This law is the case for new cases and cases pending on the date of their entry into force that are awaiting trial, without prejudice to the validity of the acts performed under the previous law", reads the bill approved. There is doubt as to whether these amendments can, for example, allow parties to recover the VAT they currently claim from the tax man before the courts. This is the case, in particular, of the Socialist Party – with a liability of EUR 20.7 million and negative equity – which has seven actions in the Administrative and Fiscal Court of Lisbon (TAF) against the Tax Authority for the tax authorities to return the VAT charged during election campaigns. The total amount in dispute, according to Saturday, exceeds at least two million euros (Varzim, 2017).

If until now the understanding of the Entity of Accounts and Political Financing was unfavorable to this return, with the new law this should not happen. And the expression "pending process (...) waiting for trial" is unclear and may open the door to a favourable

decision on vat claimed by the parties in previous years. In statements to the Public, Luís Patrão, the financial officer of the PS, said that "this wording [of the transitional rule] was made to responder to the processes that are in the Constitutional Court and the Entity of Accounts." However, it did not depart from the possibility of applying to the current disputes that take place in the TAF: "[The writing] was not made for those who are in the TAF. If it can apply, the better. It was certainly not written with this intention." The TSF, an opposition source who has not been identified, assured that these types of cases are not included in the new law, since if he were, he would not have voted in favor (Varzim, 2017).

With all this, there's a question. What's changed? Starting with the VAT exemption, it is perceived that, according to Varzim, *"There was already a VAT exemption, but it was limited. This was based on the "acquisition and transmission of goods and services aimed at disseminating its political message or identity and own, through any media, printed, audiovisual or multimedia, including those used as advertising material and means of communication and transport". However, the amendment adopted in the Assembly of the Republic eliminates this delimitation, passando the exemption apply to all purchases of goods and services for its [party] activity."* According to the Public, this exemption should apply to the expenses that the parties have in events such as the Festival of The Avante (PCP), the Festa do Pontal (PSD) or the Festa da Pontinha (PS). Vat on purchased goods and services will then be returned, including the cachet of musicians, stage assembly, among others (Público, 2019).

As can be seen, the law was not based on "solid" or effective leadership. This is perceived due to several factors. Looking at the three rules of Lamm, it is perceived that none of them were "respected" in this model of formulation of public policies. The first rule said that the leader has to show some autonomy to identify a problem and its solution, and here the problem is the lack of money that the party institutions had. The problem here is that one should hear without pre what the population somehow "thinks" of a new policy, something that has not happened. For, as has already been recalled, this law has been kept anonymous for many months. As for the 2nd rule it is perceived that to move from a goal to a rule/law tin that there is a collective will for the people to accept such a measure, something that also did not

happen. Finally, the 3rd rule, evaluation of the policy, in a way did not happen either, because the parties and the leader of government were resilient.

### **Conclusions**

The conclusions begin by answering the question problem posed at the beginning: "Could good leadership have affected the party financing policy?". To understand this statement it is necessary to take into account several aspects. But for now, it can be found that the law of party financing is a very controversial law. As seen by several articles in the literature review, the law of financing the parties came to shake the confidence that the Portuguese had in politicians, something that in itself was already "complicated". It is important to stress that all parties with parliamentary seats receive a so-called "subsidy". For ten years, the amount the state pays to political parties with a parliamentary seat has been frozen. But that changes in 2018. The increase of more than seven euros in the value of the Social Support Index (IAS), to almost 429 euros, will lead to an increase in state support paid to parties in the Assembly of the Republic. Around 15.1 million euros in public support will now be in place next year, 1.5 million more than in 2016 (last year with accounts published on the Constitutional Court's website). The brake had been approved in the last months of 2008, when the parties discussed the State Budget of the Government of José Sócrates for the year monuinte. This law blocked any increase in subsidies awarded to parties during the time when the IAS – on which the calculation of a series of public support depends – did not reach the amount of the monthly minimum wage "set for the year 2008", which was 426 euros per month.

It is also perceived that there are several theories and types of leadership such as the Great Man theory and the Trait Theories. It is also important to give the phase to one of the definitions of leadership that says that leadership is the art of motivating a group of people to act to achieve a common goal. It is also important to remember that good leadership is linked to productivity.

As for the area of public policy it is perceived when Lamm says "*leadership is the most important factor influencing federal agency performance and government effectiveness*". In other words, it is perceived that good leadership is fundamental to the proper functioning of a

government. It is also important to remember that a process for conceptualizing a public policy involves five steps.

- Identify the problem.
- Formulate policy;
- Adoption of the policy;
- Implementation of the policy;
- Evaluation of the policy.

As for implementations there are three steps that a leader must follow. 1st the leader must show support in identifying a problem and in its solution; 2nd the leader reviews help to move from "objectives to rules"; 3rd must know how to evaluate the policy itself. Now the question is, have these laws been "respected" in the party funding law?

Finally, and responding to the problem question, it is perceived that all the texts analyzed point out that, in fact, good leadership would have positively affected the law of party funding, but the problem was not only "bad leadership", but also the mistakes that existed in the process of creating this public policy. Looking at, for example, the way this problem was placed on the political agenda, Varzim says it was in a "crude" way that caused it to increase dissatisfaction. Olhalso walks to the process of "self-assessment" realize that this did not exist until there was a strong opposition of the population. It seems clear that good leadership always brings advantages, even on controversial issues such as this law, but the reality is that a good leader would have in fact improved this law.

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