

**National Academy of Sciences/National Research Council  
Commission on Social and Behavioral Sciences and Education**

A Proposal for a Study of Leadership, Motivation, and Economic Growth

Summary

This proposal describes new opportunities for learning concerning the role of motivation in economic growth, and the role of political leadership in affecting motivation. Theories concerning these issues have become prominent during the past 10 years, as two Presidents have set aside the advice of professional economic advisers concerning deficit reduction and tax increases to give primary attention to motivational questions (e.g., reducing dependency by reducing the size of government; creating the open space for the "1,000 points of light" of individual energy, initiative, and economic recovery which President Bush has perceived to grow ever-brighter as he has continued Republican policies.)

This proposal recommends a 3-year project, by an inter-disciplinary panel, to take advantage of these new opportunities to test these (and related) theories and improve national economic growth policy. In addition to unusual monetary and civic value, the project may yield notable scientific benefits to several social science disciplines.

Background

A persisting impasse in economic policy debates arises because, historically, academic economists made a conceptual choice to base their understanding of the

economy on the assumption of individuals who already have a maximum motivation for profit. This simplifying assumption makes possible impressive mathematics and yields technical recommendations that focus priority attention upon such issues as the size of the federal deficit.

But this original assumption isolates academic economics in periods - as, for example, the past decade - when political leaders sense that motivational issues, themselves, are critical. Thus, for example, President Reagan emphasized his commitment to restore a collective national self-confidence and revitalize entrepreneurial spirit by policies to alter the relations of individuals to government, which (in the perception of his Party) had become too big, idealized, and distant, inducing dependency and reducing economic vitality and work motivation. His views had little credibility among the mainstream of the economics profession. They may or may not have been wise. But the policies had a rationale, and an integrity, that followed from different beliefs about human behavior and the relationship of hierarchical dramas (e.g., government) to collective psychology. (And they produced - the Republican party claimed in the last election - the longest period of sustained economic growth in our nation's history.)

Similarly, President Bush has also spoken of the "1,000 points of light" of individual energy and initiative, now growing ever-brighter, as we "stay the course" of his policies. Economic growth, the revitalization of voluntarism in our communities, and a growing self-confidence will be among the rewards if we avoid misguided advice for a major tax increase and the seductions of turning-back to the welfare state and the disarray it produces (e.g., the Carter years) for a market economy.

Traditional social science accounts of such ideological thinking have often treated it dismissively, as ritualized (and relatively uninteresting) discussions or thinly disguised rationalizations of self-interest (etc.). When ideological thinking has been taken seriously, social scientists have still dealt in a highly abstract and abridged fashion with the mainstream ideological beliefs which shape public policy discussion in America. Rokeach (1973), for example, treats conservatism, and the disagreements between conservatives and liberals, as arising from different rank orderings of values - and the nature of such value differences, internal to the individuals, seems to provide little opportunity for discussion or learning by testing beliefs against reality.

However, recent developments in the descriptive language of psychoanalytic theory ("self" psychology and object relations theory - e.g., Kohut, 1971; Etheredge, 1984; Etheredge, in press), psychometric advances in the assessment of authority relations and psycho-social maturity (e.g., Loevinger, 1976, 1989), and the assessment of differences in social and political imagery (e.g., Cartwright et al., 1983) make it possible to recognize more clearly that behavioral science hypotheses are embedded within traditional ideological views. (There is a clinical psychologist's or psychiatrist's logic, for example, to the diagnoses of dependency and reparative changes in hierarchical relations which recent conservative Presidents seem to have in mind.) The good news is dual: a.) ideological ideas may prove to have insight and value, independent of their anthropological status as the public discourse of politicians untrained in academic social science (see, for example, Lukes, 1987); b.) we now have developed, for the first time, the basic capability to test this class of model rigorously.

Study Plan

This proposal seeks to take advantage of this new opportunity, which will require creative contributions from several disciplines. It recommends the National Research Council create a Panel on Leadership, Motivation, and Economic Growth, with expertise drawn from a range of backgrounds, including political science, social and clinical psychology, organizational sociology, social psychiatry, and economics. Because the development of new measures will be one task of the Panel, and these measurement tools will be relevant to the forecasting responsibilities of federal agencies, we recommend the panel also include specialists in psychometrics, econometrics, and economic forecasting.

The Panel will be charged with responsibility to assess two issues: a.) the role of national drama, and the management of national drama, in affecting economic growth and other key aspects of economic performance; b.) the most promising conceptual and empirical investigations to effect inter-disciplinary integration of traditional rational choice models (which assume motivation is fixed and exogenous) and the new group-psychological models of motivation (which permit motivation to be variable and to be affected endogenously.)

The Panel will also be charged with addressing three principle lines of investigation concerning leadership, motivation, and economic growth:

a.) the dependency hypothesis (the mainstay of conservative opposition to the welfare state);

b.) a rival, liberal idea that affirmative government, with activist leadership, can, by direct role-modeling, inspire and energize national life across many domains, including economic growth (as President Kennedy is said to have done);

c.) other mechanisms and ideas which persist in political discourse for which, in the judgment of the panel, evidence can be obtained. [These might include the views expressed by Prime Minister Thatcher - sometimes heard in this country, especially in discussions of investment decisions and financial markets - that a predictable and stable environment is one mechanism by which national leadership provides a psychological climate favorable to economic growth. Another view - firmly held by President Reagan - was that expenditures for defense made America strong and (i.e., through associational psychology and subjective engagement of individual psychology with national drama) has made individuals more confident and spurred economic growth.) A third mechanism - which may prove important to understand - is the image of business and economic activity in American culture, especially in the minds of young people.]

The Panel will also be charged to assess the effects of these national drama mechanisms in four aspects of the relationship of individuals to economic growth: 1.) as entrepreneurs (e.g., McClelland, 1961; Frey, 1984; Lea et al., 1987, pp. 433 - 443; 2.) as workers within established market organizations (e.g., Lea et al., 1987, pp. 135 - 171; 3.) as consumers (e.g., Roper, 1982; Lea et al., op. cit., pp. 172 - 210); 4.) as investors and savers acting on behalf of themselves or their families (e.g., Lea et al., op. cit., pp. 211 - 240).

Because it is a critical concern in ideological belief systems (and critical to valid diagnosis of the clinical syndromes involved) the Panel will also be asked to assess the role of national dramas in affecting 5.) the degree to which citizens initiate or participate in voluntary community projects, support charities, etc. (i.e., the "1,000 points of light" President Bush believes are glowing ever-brighter); and 6.) the degree to which the welfare state is (unintentionally) bad for people - i.e., alters psychological relations of individuals to government in a way that undermines moral character and responsibility and contributes to a wider syndrome of social problems.

[Concerning this latter issue: if it is true that the growth of the welfare state has induced, as an unintended consequence, a dependency that has undermined strong and healthy individuals and produced an unhealthy "liberal way of life," this will be revolutionary news. Among the features of this "liberal way of life," which the economist Herbert Stein (1985) reports are associated, in the thinking of conservative ideological policy makers with the growth of the welfare state, are, in addition to the undermining of the work ethic, widespread symptoms of anomie - in schools, soaring divorce rates, teenage pregnancy, the growing use of drugs, etc. There are an extraordinary range of other, related, issues, for which the Commission is seeking to clarify our understanding, which conservatives believe are caused primarily as a national syndrome, by shared causes in disorders in the national psychology of hierarchical relationships.]

The Panel will be asked to review the literature. It will also be asked to devise short-term and long-term research programs identifying those lines of investigation which could most effectively improve economic growth. Initially, it will also

seek sponsorship for the short-term research which it needs to inform its thinking and prepare its final report.

### Study Schedule

The Panel's activities are projected to require a three-year period, divided into four 9-month periods.

Within the first nine months, the Panel will recruit three professional staff to assist in its work. It will meet approximately every 3 months to review pertinent literatures, lay-out a broad long-term research agenda, and identify short-term, high-priority research investments which should receive its immediate attention. At the end of this period it will produce an interim report to sponsors concerning these key issues and the assessments which form the basis for the next phase of its work.

Because the Panel will seek to contribute to public debate by answering causal questions embedded in strongly-held ideological views, it is anticipated that this interim report will be widely circulated for comment to assure that all views are being fairly represented. (The budget also allows the Panel to invite social science consultants to serve as committed advocates of ideological views, and provide rigorous criticism of its research plans, to assure intellectual due process and fairness along the lines proposed by George, 1972.)

The next 9 months will be devoted to detailed design and initial implementation of the high-priority research investments. (For example, we have national probability data for 1956 and 1976, concerning achievement motivation. Similar earlier data exist for beliefs about self-reliance and attributions of responsibility for individuals' economic fortunes. The Panel will probably want to recommend, as a high priority, that current data be obtained to identify patterns of changes, and for cross-sectional analysis - e.g., Veroff et al., 1980; Sniderman and Brody, 1977).) The Panel will probably also want to encourage the development, and assure the validity of, new tests of imagination and semi-projective measures that will be critical to the clinical assessment of the strength of a dependency syndrome in American modal personality (e.g., idealized benevolent imagery above the self), along with reviewing the adequacy of current national indicators of entrepreneurship, expectations of government, and changes in the work ethic in the general population.

In addition to these measures and data, the Panel may also wish to conduct or commission pilot studies to refine the analysis of group psychology and national drama. It may turn-out that the tendency to develop a strong emotional involvement in national hierarchical dramas is an individual-difference variable, reflecting both different capacities for imagination together with other personality traits (e.g., Witkin et al., 1977). [I. e., economists may be correct about one group of what psychologists call "field-independent" individuals, who may lack imagination or who do not become involved emotionally in politics; ideological thinkers of the left and right may be correct about another group of "field-dependent" individuals who become strongly involved in group dramas - e.g., Brown and Ellithorp, 1970).]



During the third 9-month period the Panel will complete the initial implementation of the highest-priority research and draft a second interim report. This report will include preliminary results from national probability samples and technical assessments, from psychometric consultants, of the new measures which may be developed. It will also include preliminary recommendations for new measures to improve economic forecasting, a conceptual review of the sub-groups in the population which should be sampled, a preliminary integration (for comment) of the interplay of group-level psychological factors with traditional macro-economic variables in the functioning of the economy, and an outline of international comparisons which could broaden our understanding of the cultures and national dramas that nurture high-level and sustained economic growth. The Panel might also conclude that psychological effects created by leadership within specific business organizations is of equal (or greater) impact than national dramas of Presidential leadership, and it may recommend a stratified study of organizational cultures and leadership practices.

[The cross-national comparisons will be of special importance to isolate critical variables, and identify different effects of similar variables that obtain because of different social contexts. (For example, dependency (within firms) in Asian cultures appears consistent with high levels of productivity (perhaps because different leadership practices and other cultural values exist in combination with it - e.g., Pye, 1980). A maximum discrepancy design (e.g., Singapore or Hong Kong at a free market extreme, Sweden at the socialist extreme) may prove desirable for comparison with US data. It may also prove true that dependency theories are relevant primarily to cultures making transitions from traditional authority (e.g.,

Harrison, 1984) and ideological models of American political economy, therefore, reflect a cultural lag (Lane, 1978).]

During the fourth 9-month period the Panel will complete a final report outlining what steps should be taken, by whom, to pursue the lines of investigation which, in its view, are most promising. If major new funding to support this line of work is prudent, the NRC might wish to have the report drafted as a report to Congress. (It seems likely that the new measures which the Panel will have fostered, and its preliminary conclusions - bearing upon ideological issues about which there can be strong feeling - will engage widespread attention in the scientific community. The institutional and funding agenda developed in phase four will reflect both intellectual issues internal to the Panel's own deliberations and these wider effects. The extent to which this research will have taken on a life of its own will, in the wider scientific community, probably depend, critically, upon the quality of measurement instruments which have been developed, and whether the data give support for group drama models of economic behavior - or whether, like the theory of universal ether tested by physicists in the Michaelson-Morley experiment, there turns-out, in the assessment of a drama of a big dependency-inducing government above us, to be nothing up there.)

### Anticipated Results

There are several reasons to believe this line of investigation will be of unusual economic, scientific, and civic value:

#### A. Economic Value

Much of what we want to accomplish as a nation, at home and in the world, depends upon the performance of the economy. Given the size of economy the benefits of even modest improvement in economic policy would be extraordinarily cost-effective and make rational comparatively large research expenditures for promising lines of investigation. (For example, a shift upward in the rate of economic growth by only 1% would yield an additional \$50 - \$60 billion each year. By refining and integrating the two classes of models which now govern economic policy-making, but which lack any conversation with one another, it may be reasonable to expect the Panel can accomplish at least this modest improvement.)

The prospect for useful, policy-relevant results is not merely fantasy. There may be immediate, valuable improvements in the management of national drama which can be identified from behavioral science research. For example, social psychologists have assembled cross-national and historical evidence to suggest that the level of entrepreneurship and the rate of economic growth within a society depend upon what they call achievement motivation (abbreviated N-Ach - see, e.g., McClelland, 1961; Brown, 1965). McClelland and Winter (1969) also demonstrated that one could increase entrepreneurial innovation among businessmen in India for at least several years by a relatively brief period of leadership and training to introduce heightened achievement imagery into their imaginative life (see also a recent summary of debate concerning these issues in Lea et al., pp. 436 - 443; Frey, 1984).

Achievement motivation is, however, not the same as the seeking of profit, or risk-taking. N-Ach involves the excitement of achieving against a competitive standard, by the use of skill. Thus, if rhetoric emphasizes only tax-cuts and implies

the pursuit of money for sybaritic ends, one might encourage high-rolling, high-risk behavior leading to bribery and S&L scandals. But if Presidential rhetoric uses greater N-Ach imagery to tilt a culture, at the margin, toward competitive achievements - product innovation, international market share, making America # 1 - a Republican Administration might (while still reducing dependency) nevertheless mix-and-match themes and produce a higher level of sustained economic growth.

(In similar fashion, the larger percentage of GNP used by the government sector in Western Europe - without apparent adverse effects upon economic growth - suggests that the "hidden" taxation used in Western Europe to a greater degree (the value-added tax, rather than income or sales taxes) may reduce the psychological prominence of government. A confirmation of this hypothesis would suggest that similar changes in the structure of public finance in America might achieve both the public purposes we now assign to government and simultaneously provide, to an even greater degree, the psychological open spaces for entrepreneurial activity that conservatives have felt critical to foster their own New Frontier spirit of economic growth.

#### B. Scientific Value

Because the Panel will address very different images of how the economy functions, there will be considerable scientific value in its findings. Whatever results it obtains, its work will substantially improve the ability of the Congressional Budget Office and the Council of Economic Advisers to give policy-relevant advice to government officials. It is also likely to suggest new initiatives that will improve the work of other government agencies responsible for economic forecast-

ing, economic policy, and the climate within which business operates. In addition to the value to academic economics (if there should prove to be any truth to national drama ideas), there will (among others) be value to political science and the clinical professions.

### 1. Political Science

The research will have unusual scientific value to political science. If American government has become reified - i.e., "become solid" and a substantial, idealized image above, and in front of, the sense of self of the American voter; and if the backward linkages of the emotional bond have become so strong as to affect the degrees of initiative, responsibility, and energy with which the typical American wakes up in the morning, this will be revolutionary news to the academic literature of political science.

As well, the degree to which group psychology and economic performance can be reliably altered by changes in the size of government, in the rhetorical frameworks (preaching, counseling) of leaders, and through the reduction of government social programs (e.g., to do for people only what they cannot do for themselves) has not yet been assessed by political scientists. The estimates made by the Panel will be of unusual interest.

[These findings are also a route by which the research will have civic value. The research agendas of academic political science have not included testing the validity of these ideological ideas that are of passionate interest in public debate. There are no major American government textbooks which yet take these ideas of Republi-

cans concerning political economy - or the companion liberal beliefs about the national economic growth catalyzed by President Kennedy's activism - seriously as scientific hypotheses.]

## 2. Clinical Professions and Broad Understanding of Social Problems

The study may also be conceptually important to psychiatrists, clinical psychologists, and other social scientists addressing social problems. If the range of social problems identified by Herbert Stein (above) as associated with "the liberal way of life" are partly influenced by culture and changes in American modal personality - and this in turn is partly influenced by a national drama and political leadership - it will be important news. And there may be major implications for the work of other activities of the National Research Council.

### C. Civic Benefits

The National Research Council now has available to it - for the first time in history - the extraordinary opportunity to assemble evidence which bears decisively upon the scientific validity of recycling ideological themes and theories in political life. It is conceivable that the Panel - seeking to referee between ideological beliefs of the Left and Right, and conceptual disagreements between social science differences, will find itself in a cross-fire with enemies in all directions. But it is more likely that, given creativity and skill, the Panel's work will move forward public discussion, refine issues, and produce new areas of political agreement.

It is probably timely, too, to test these conventional, recycling ideological arguments. The majority of the American people now identify themselves as Independents, rather than Democrats or Republicans. A substantial number are college-educated. If ideological ideas can contribute to insight and economic growth, they probably will be welcomed. And, if they are wrong, it is unlikely they will be widely missed. Economic growth serves everyone's interest, and if it serves these shared values with care, and fairness, there is every reason to believe the Panel's work will be appreciated.

Three additional areas of civic benefit also deserve comment:

#### 1. Strengthening Norms of Evidence in Public Debate

During the past decade, the continuing recommendations of academic economists (to raise taxes) have been rejected by political leaders who believe the benefits

in group psychological effects would outweigh the cumulative costs of continued federal deficits. Someone has been right - and someone has been wrong. But neither side concedes defeat - nor has it sought, by scientifically acceptable means, to test opposing views. Whatever the Panel's data will eventually show about the political drama within which (allegedly) the economy functions, there is at least one important group of theorists (politically influential at different times, in different administrations) which has a great deal to learn. Engaging the impasse with evidence, the Panel will have the salutary effect of raising the ante, and the standards for intellectual rigor, for future policy debates concerning these issues. (These benefits, the benefits to economic growth, and other benefits discussed in this proposal will continue to accrue even if politically expedient compromises concerning these issues are reached.)

## 2. Refining Ideological Images

It seems likely the Panel will also improve ideological analysis by identifying different social zones in which any alleged dependency effects operate differently. The evidence may show individuals can rely financially upon government checks as a principle source of income, under certain circumstances, without this yielding psychological dependency and personal moral decay. Whatever the evidence concerning the Black family or "dependent" populations on welfare, the case against the alleged dependency induced by the welfare state may be wrong when citizens view their checks as genuine entitlements (implicitly confirming their worth as human beings, or returning - as in the case of Social Security - benefits which they earned: it seems most unlikely that Social Security induces moral decay and passivity in the over 65-population). The Panel may provide evidence that it is



possible to maintain key programs associated with the welfare state and, through establishing a belief in entitlements, diminish or neutralize adverse effects which conservatives now perceive.

### 3. Empowerment as a Shared Research Agenda

It is arguable that both liberals and conservatives share key aims - the growth of strong, healthy individuals - but clash with one another, in part, concerning different diagnoses of the barriers (conservatives diagnosing the problem as dependency; liberals seeing a need for solicitude, entitlements, and social concern from an affirmative government). Empowerment, then, may be a shared agenda - and the Panel's work, bringing evidence to bear on these issues as they affect national economic growth, may catalyze intellectual investigations and progress across a wide range of public policy problems.

#### Relation to Other NRC Activities

[to be added]

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