

# THE ROLE OF ECONOMIC IDEAS IN SHAPING PAKISTAN'S POLITICAL HISTORY

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## **ABSTRACT**

This study investigates how economic ideas shape Pakistan’s political history, voter behavior, and policy outcomes by combining historical analysis, time-series econometric evidence, large-scale voter and technocratic surveys, focus group discussions, manifesto analysis, and demographic estimations. It directly tests the Median Voter Hypothesis (MVH) within Pakistan’s hybrid political regime and finds strong evidence against its classical convergence prediction. Voter preferences do not cluster around a median economic position; instead, political mobilization and programmatic clarity are concentrated at the ideological extremes. Individuals located further from the economic median exhibit stronger and more coherent preferences, while median voters tend to be pragmatic or politically passive. To explain these patterns, the study develops and empirically validates a Conditional Median Voter Framework. Median voter influence exists but is neither automatic nor dominant; it is conditioned by democratic quality, institutional trust, civic awareness, economic crises, and provincial political economies. Democratic deepening moderates polarization but does not mechanically enforce convergence, while crises temporarily compress preferences toward the center. Civic awareness weakens limited economic voting by introducing multidimensional policy considerations. These dynamics explain persistent reform reversals and uneven provincial responses to national policies, indicating that Pakistan’s policy outcomes reflect managed responsiveness rather than median dominance.

Time-series results further show that democratic regimes outperform authoritarian ones in tax revenue mobilization, while inequality consistently raises revenue under elite-dominated extraction. Inequality’s effect on growth is regime-dependent, dampening growth under democracy but amplifying it under authoritarian consolidation. Survey and manifesto evidence reveal a disconnect between citizen priorities—structured economic policy, employment, anti-corruption, and democratic federalism—and actual budget allocations, which remain skewed toward infrastructure and defense. Overall, the study extends political economy theory to hybrid regimes and offers actionable visions for institution-building, reform sequencing, and restoring public trust through credible, context-specific economic governance.

## **PREFACE**

This research project, titled *The Role of Economic Ideas in Shaping Political History of Pakistan*, examines how economic ideas, institutional structures, and political incentives jointly shape policy outcomes, voter behavior, and reform trajectories in Pakistan's hybrid political regime. Moving beyond conventional accounts of democratic responsiveness, the study investigates why economically significant reforms often fail to secure durable political support despite repeated democratic transitions. By integrating historical political economy analysis, time-series econometric evidence, large-scale voter and technocratic surveys, focus group discussions, and party manifesto and budget analysis, the research offers a comprehensive and multidimensional account of how economic thought is translated, though imperfectly, into governance practice.

The study systematically evaluates the Median Voter Hypothesis within Pakistan's institutional context and demonstrates that political competition does not converge toward a median economic position. Instead, policy responsiveness is conditional, shaped by ideological structure, institutional trust, civic awareness and crisis dynamics, and prominent provincial heterogeneity. The findings highlight persistent asymmetries between citizen priorities and fiscal outcomes, the regime-contingent effects of inequality on growth and revenue mobilization, and the central role of institutions in mediating the influence of economic ideas. By combining macroeconomic modeling with citizen-level evidence, the project advances a Conditional Median Voter Framework that helps explain reform reversals, elite-driven policy design, and uneven political support across regions.

This research aims to contribute to both political economy theory and applied policy design by offering empirically grounded insights for institutional reform, participatory governance, and context-sensitive reform sequencing in Pakistan and other hybrid democracies.

We are deeply grateful to our mentors, Dr. Ather Maqsood Ahmed and Dr. Muhammad Sultan, whose expertise and encouragement shaped the analytical depth and policy relevance of this study. This work was made possible through the generous support and intellectual guidance of the RASTA Project Management Team at the Pakistan Institute of Development Economics (PIDE). Special thanks are due to the data enumerators and field coordinators across various districts, of KPK, Sindh, Baluchistan and Punjab whose dedication ensured the integrity and diversity of the survey data. Their contribution was vital in capturing the voices and preferences of citizens often excluded from formal policy dialog. This report is a reflection of collective effort and shared commitment to bridging research with reform.

## TABLE OF CONTENTS

ABSTRACT .....	i
PREFACE .....	ii
TABLE OF CONTENTS.....	iii
LIST OF FIGURES .....	vi
LIST OF TABLES .....	vi
INTRODUCTION .....	1
1.1. Purpose and Scope of the Study.....	1
1.2. Research Questions .....	2
1.3. Objectives .....	2
1.4. Specific Hypotheses.....	2
H1: Economic ideas significantly shape voter preferences and political engagement in Pakistan. .....	2
H2: Civic awareness and ideological sophistication weaken simple median voter convergence by introducing multidimensional policy evaluation. ....	2
H3: Political competition in Pakistan does not converge toward a classical median voter equilibrium but instead reflects conditional median dynamics.....	2
H4: The relationship between inequality and economic growth in Pakistan is conditional on political regime type.....	2
H5: Inequality and political regime type jointly influence fiscal capacity, particularly tax revenue mobilization. ....	2
1.5. Relevance to Public Policy.....	2
THE REVIEW OF LITERATURE .....	4
2.1. Economic Ideas as Political Instruments.....	4
2.2. Rational Choice and Voter Behavior in Economic Contexts .....	4
2.3. Populism, Crisis, and Political Trust.....	5
2.4. Governance Performance and Accountability.....	5
2.5. Pakistan-specific Political Economy and Institutional Dynamics .....	6
RESEARCH METHODOLOGY .....	7
3.1. Survey analysis and construction of Indices.....	7
3.2. Time-series Analysis and Baseline Model.....	9
3.2.1. Political Economy Setting.....	9

3.2.2. Economic Environment.....	9
3.2.3. Political Economy of Growth: Median Voter Theorem.....	11
3.2.4. Prediction for Pakistan Economy.....	11
3.3. Reduced-form Model Equations.....	12
FINDINGS AND DISCUSSION.....	13
4.1. Reforms and the Political Economy.....	13
4.1.1. Analysis of Election Manifestos of Political Parties .....	14
4.2. Empirical Findings based on General Survey Dataset .....	15
4.2.1. Scope of Questionnaire.....	15
4.2.2 Descriptive Analysis .....	15
4.2.3. Correlation Matrix and the Construction of Indices.....	16
4.2.4. Budget Preferences.....	17
4.2.5. Analysis of Public Opinion on Economic Governance in Pakistan .....	18
4.3. Empirical Findings.....	19
4.3.1. Estimation of Gender-wise and Full Sample Including all Variable.....	19
4.3.2. Provincial Heterogeneity in the Political Economy of Voter Preferences.....	22
4.3.2. Discussion .....	23
4.4. The Median Voter Results.....	24
4.4.1. Estimation of MVH.....	24
4.4.2. Test of Single-peakedness of Economic Preferences (Nonlinear Analysis) .....	26
4.4.3. Conditional Median Voter Failure Theory.....	27
4.4.4. The Marginal Effect Analysis.....	28
4.5. Urban Political Economy and Conditional Median Voter Dynamics .....	30
4.6. Between Expertise and Electoral Politics: Technocratic Perceptions of Economic Governance in Pakistan .....	31
4.6.1. Findings .....	32
4.6.2. Subgroup Differences.....	32
4.6.3. Democracy, Technocracy, and Reform Failure.....	33
4.7. Focus Group Discussion.....	34
4.7.1. Theme 1: State vs Market — Ideological Shifts and Political Consequences .....	34
4.7.2. Theme 2: Military–economic Nexus — Strategic Planning or Ideological Governance? ...	35

4.7.3. Theme 3: Islamic Economic Thought — Moral Economy and Political Mobilization.....	35
4.7.4. Theme 4: Political Instability and Economic Volatility - Reform and Reversal Cycles .....	35
4.7.5. Theme 5: Youth, Informality, and the Reimagining of Economic Citizenship .....	36
4.8. Baseline Time-series Analysis.....	37
CONCLUSIONS.....	40
RECOMMENDATIONS /POLICY IMPLICATIONS.....	42
REFERENCES.....	43
APPENDICES.....	46
Appendix 1: Introductory and Methodological.....	46
Appendix 2: Historical and Manifestoes Analysis .....	48
Appendix 3.....	50
Appendix 4: Reforms and Preferences .....	52
Appendix 5: Focus Group Discussion Details .....	54
Appendix 6: Graphical Illustration of Major Time-series Data.....	56
Appendix 7: Primary Data Heteroskedasticity Test Figures.....	57

## LIST OF FIGURES

<i>Figure 1: Marginal Effect of Distance from Median at different Levels of Democracy</i> .....	29
<i>Figure 2: Reforms Priorities by Technocrats</i> .....	33
<i>Figure 3: Party Priorities</i> .....	34
<i>A7 Figure 1: Heteroskedastic Resids      A7-Figure 2: Homoskedastic Resids</i> .....	58
<i>Figure 3 A7: Resid (Heteroskedastic)      Figure 4 A7: Resid (Homoskedastic)</i> .....	58

## LIST OF TABLES

<i>Table 1: Pakistan’s Political Economy History – Disaggregated Phase-wise Analysis</i> .....	13
<i>Table 2: Historical Reform Failures: Rooted in Elite Resistance &amp; Institutional Fragility</i> .....	14
<i>Table 3: Simulated Dashboard Scenario: Economy-Focused Agents</i> .....	15
<i>Table 4: Demographic Decomposition of Respondents</i> .....	16
<i>Table 5: Budget Preferences (Aggregate Scores and Demographic Heterogeneity)</i> .....	18
<i>Table 6: Dependent Variable: Voter Preference Index</i> .....	21
<i>Table 7: Province-wise Baseline Model Estimation. Dependent Variable: Voter Preference Index</i> .....	23
<i>Table 8: Descriptive Statistics of Distance: Median Variable</i> .....	25
<i>Table 9: The Empirical test of Median Voter Hypothesis (Economic Ideology Index)</i> .....	25
<i>Table 10: Single-Peakedness of Preferences</i> .....	27
<i>Table 11: Conditional Median Voter Hypothesis in a Hybrid Regime</i> .....	28
<i>Table 12: Descriptive Statistics of Technocratic Perception Indices</i> .....	32
<i>Table 13: Growth Model (Dependent Variable: Growth rate of Real GDP)</i> .....	38
<i>Table 14: Tax Revenue Model (Dependent Variable: Tax Revenue as Percentage of GDP)</i> .....	38

## **INTRODUCTION**

The relationship between economic ideology and political behavior has long been a subject of scholarly debate, tracing back to Aristotle's notion that a society's economic foundation shapes its political organization. In modern history, Adam Smith, Karl Marx, Keynes, and Friedman have advanced conflicting economic doctrines, each influencing different political ideologies. Adam Smith backed free-market capitalism, while Karl Marx viewed politics as a reflection of class struggle. These paradigms laid the groundwork for modern debates on governance and voting behaviour. In the 20th century, Keynes (1936) advocated state intervention to stabilize capitalist economies, whereas Friedman (1962) promoted market liberalization as essential for economic efficiency and political freedom. These competing doctrines continue to shape ideologies, policy preferences and evolve in developing democracies, where voters often oscillate between ideological positions due to economic crises, dissatisfaction, or populist appeals.

This study explores the relationship between economic ideas, growth and political systems in Pakistan, focusing on the dynamics of distributional conflicts, political structures, and inequality. The research builds on the theoretical framework developed by Barro (1990) and Alesina & Rodrik (1994), and uses an extensive field survey to adapt and extend this framework for Pakistan. The political economy of Pakistan has been shaped by recurrent shifts between authoritarian and democratic rule. Military regimes, such as those under Ayub Khan, Zia-ul-Haq, and Pervez Musharraf, generally pursued pro-investment, market-oriented policies with limited redistribution, leading to higher GDP growth rates but also persistent or rising inequality. Democratic governments, particularly during the 1970s and in the post-2008 democratic era, often prioritized redistribution, often through higher taxation on capital and expansion of welfare programs. This background creates a context for applying the theoretical perceptions of distributive politics and endogenous growth models assuming unequal societies (concentrated asset ownership), the median voter under democracy tends to favor redistribution over investment-friendly policies. Political incentives often lead to higher taxes on capital, lower investment, and slower growth. To empirically investigate these dynamics, a comprehensive survey is being conducted, sampling 1,026 individuals from diverse socioeconomic groups, urban and rural areas, and across all provinces of Pakistan. A specialized technical survey of 50 experts/ politicians captures expert assessments of the relationship between political systems, economic ideas, and growth strategies in Pakistan. This dual-survey strategy is designed to test the hypotheses generated by the mathematical model and capture the diversity of perspectives among ordinary citizens and technical experts.

### **1.1. Purpose and Scope of the Study**

This study aims to analyze how political systems, inequality, and distributive conflicts influence economy and voter' choices in Pakistan. By combining theoretical modeling, secondary data analysis, and primary surveys of citizens and experts, it seeks to uncover the political economy mechanisms behind growth volatility. The ultimate goal is to generate policy-relevance for achieving equitable and sustainable development in Pakistan.

## **1.2. Research Questions**

1. How do competing economic ideas shape political preferences and policy choices in Pakistan's political system?
2. How do socio-demographic heterogeneity, civic awareness, and ideological positioning condition voter behavior and policy responsiveness beyond median economic preferences?
3. Do political preferences and leadership choices converge toward a median economic position or reflect institutional and ideological conditioning?
4. How do political regime type, inequality, and institutional quality interact to influence fiscal outcomes, particularly tax revenue mobilization and economic growth?

## **1.3. Objectives**

1. To empirically assess how voters, technocrats, and policymakers perceive redistribution, inequality, growth, and reform priorities using original nationwide survey data and focus group discussions.
2. To examine the regime-contingent effects of inequality on economic growth and tax revenue through time-series econometric models and political economy diagnostics.
3. To test the classical Median Voter Hypothesis against a Conditional Median Voter Framework that incorporates democratic quality, institutional trust, civic awareness, crisis conditions, and provincial political economies.
4. To analyze the alignment or misalignment between citizen preferences, party manifestos, and actual fiscal behavior, thereby explaining persistent reform reversals and uneven political support for national policies.

## **1.4. Specific Hypotheses**

- H1: Economic ideas significantly shape voter preferences and political engagement in Pakistan.
- H2: Civic awareness and ideological sophistication weaken simple median voter convergence by introducing multidimensional policy evaluation.
- H3: Political competition in Pakistan does not converge toward a classical median voter equilibrium but instead reflects conditional median dynamics
- H4: The relationship between inequality and economic growth in Pakistan is conditional on political regime type.
- H5: Inequality and political regime type jointly influence fiscal capacity, particularly tax revenue mobilization.

## **1.5. Relevance to Public Policy**

This research provides direct guidance for reform design in Pakistan and other hybrid democracies. By rejecting the assumption of median-voter convergence, it demonstrates why reform strategies based solely on electoral arithmetic repeatedly fail. The findings emphasize that sustainable reform requires institution-building, trust restoration, coalition management, and province-specific

sequencing rather than reliance on presumed median preferences. Policymakers must design reforms that recognize ideological polarization, civic sophistication, and regional heterogeneity while using democratic deepening to manage—rather than deny—political conflict. The study offers a framework for aligning economic ideas with credible institutions, thereby enhancing reform durability, fiscal legitimacy, and political stability.

## **THE REVIEW OF LITERATURE**

This review of existing literature explores the relationships among of economic ideas and political behavior in general, tracing how ideological narratives shape regime legitimacy, voter preferences, and institutional reform. Drawing on foundational theories and Pakistan-specific empirical studies, it highlights the strategic deployment of economic discourse across democratic and authoritarian contexts. The review identifies key gaps in existing research—particularly the lack of integrated analysis linking economic ideologies to voter awareness and policy outcomes.

### **2.1. Economic Ideas as Political Instruments**

Economic ideas have historically served as both ideological anchors and strategic tools in political competition. Downs (1957) conceptualized democracy as a marketplace of ideas, where parties offer policy bundles to maximize votes. Riker & Ordeshook (1968) introduced the “calculus of voting,” emphasizing how perceived benefits and costs shape political participation. These foundational models underscore the instrumental use of economic narratives in shaping political legitimacy. In Pakistan, economic ideas have often been deployed to justify regime shifts or policy reversals. For instance, the adoption of Islamic economic principles during Zia-ul-Haq’s regime served both ideological and legitimizing functions, while neoliberal reforms under Musharraf were framed as technocratic necessities rather than democratic choices. Moreover, economic ideas are often subordinated to coalition calculus, weakening reform continuity and institutional credibility.

### **2.2. Rational Choice and Voter Behavior in Economic Contexts**

Barro (1990), Rowley (1984), and Feddersen (2004) further refined these models by incorporating endogenous growth, voting calculus, and institutional constraints. These theories underpin the mathematical model used in this study to simulate voter preferences and policy outcomes. Feddersen (2004) explores the paradox of not voting, showing that voters often act strategically despite negligible individual impact. Downs (1957), focuses on retrospective and prospective voting. A persistent question is whether voters are egocentric, prioritizing personal economic outcomes, or sociotropic, focusing on the broader national economy. While some studies (e.g., Healy et al., 2017) suggest a sociotropic tendency, other research questions voter competence itself, showing that decisions can be swayed by irrelevant events such as football results (Ashworth et al., 2018; Fowler & Hall, 2018).

Empirical research has tested these theories across diverse contexts. Blais (2000), Aldrich (1993), and Cox (1997) examined turnout and strategic voting, while Healy & Malhotra (2009) and Urminsky & Zauberman (2015) explored short-term vs. long-term voter rationality. Gilens (2001) found that many voters lack coherent policy knowledge. Studies on political belief systems shows that attitudes on different issues tend to cluster together into coherent ideological bundles, often described as “*what goes with what*” in political ideology (Converse, 1964; Federico et al. 2014; Malka et al., 2017). Jessee (2012) and Krishna & Sokolova (2017) argue that voters rely on structured preferences, while Kinder & Kalmoe (2017) emphasize identity cues. Acemoglu, & Robinson (2021) highlights the personal appeal of leaders, contrasting with Fiorina (1999). Empirical studies in Pakistan (mainly reviewed in section 2.5 below) confirm that voter turnout correlates with economic crises—particularly inflation, unemployment, and subsidy withdrawal. For example, Gallup Pakistan’s

electoral surveys (2013–2018) show that economic dissatisfaction was a stronger predictor of vote switching than ethnic or religious identity. Feddersen & Pesendorfer (1996, 1999) argue that informed voters are more likely to participate, a finding echoed in Pakistan’s urban-rural divide, where economic literacy and media exposure shape electoral engagement.

### **2.3. Populism, Crisis, and Political Trust**

Populism has emerged as a response to economic dislocation and elite distrust. Mudde (2004) defines it as a thin-centered ideology, while Laclau (2005) frames it as a political logic. Rodrik (2017) and Gidron & Hall (2017) link populist support to globalization and status concern. Norris & Inglehart (2019) argue that cultural backlash drives populist voting in post-industrial societies. These insights are crucial for understanding Pakistan’s oscillation between populist and market-oriented policies, especially during periods of economic crisis. Scholars like Zaidi (2012) and Talbot (1998) observe how parties shift ideologies in response to public sentiment and elite pressures.

### **2.4. Governance Performance and Accountability**

Besley & Burgess (2002), Keefer & Khemani (2005), and Ferraz & Finan (2008) show how media exposure, electoral competition, and audits influence government responsiveness. Banerjee et al. (2010) demonstrate that informed voters make better choices, validating the use of performance metrics in electoral analysis. Chan (2025) critiques technocratic governance and the misuse of Key performance indicators (KPIs, henceforth), aligning with this study’s emphasis on context-sensitive evaluation. Haque & Montiel (1994) argue that inclusive processes (involving civil society) enhance policy effectiveness, while Haque (2021) and Khan (2006) highlight the failures of top-down reforms. The literature on political economy and democratic responsiveness offers a compelling framework for analyzing Pakistan’s political history through the lens of economic ideas. Acemoglu & Robinson (2013) argue that inclusive institutions—rather than geography or culture—are the key drivers of prosperity, and that extractive political systems continue economic stagnation. This perception is particularly relevant to Pakistan, where elite capture and institutional fragility have repeatedly undermined reform. Achen & Bartels (2017) challenge the notion of rational, policy-driven voting, showing that electoral outcomes are often shaped by identity and partisan loyalty rather than economic performance—raising questions about the efficacy of economic messaging in Pakistani elections. Boix (2003) provides a theoretical bridge between inequality and regime type, demonstrating that redistribution preferences in unequal societies tend to favor democratic transitions, though such transitions may be unstable without institutional depth. Mueller’s (2003) public choice framework further illuminates how self-interest and rent-seeking behavior distort policy outcomes, especially in patronage-driven systems like Pakistan’s. Piketty (2014) and Stiglitz (2012) both emphasize the corrosive effects of inequality on democratic legitimacy and economic sustainability, reinforcing the argument that economic ideas—whether rooted in redistribution, market liberalism, or technocracy—are not merely abstract doctrines but deeply political instruments that shape voter expectations, party platforms, and institutional trajectories. Together, these works provide a robust theoretical and empirical foundation for examining how economic thought has influenced Pakistan’s political evolution.

## **2.5. Pakistan-specific Political Economy and Institutional Dynamics**

Pakistan's political economy is distinctively influenced by military intervention, patronage networks, and socio-cultural factors, which obscure direct applications of theoretical models. Studies such as, Cheema et al. (2013) and Afzal (2018) explore decentralization and education policy, while Shah (2014) examines civil-military relations and their impact on democratic accountability. Collaborative approaches engaging government, private sector, and civil society to address structural issues like poverty and unemployment are required (Siddiqui, 2019). These outlooks are essential for local adjustment of the governance dashboard and manifesto scoring rubric. Zulfiqar & Moosvi (2022) provide a comprehensive conceptual and empirical unpacking of elite capture in Pakistan and highlight how elites influence policymaking, control institutional access, and distort governance outcomes through informal networks and formal authority structures.

Notwithstanding global advancements, the context of Pakistan remains ineffectively examined. Comparative models indicate that ideological coherence, institutional capacity, and public engagement are essential for integrating economic concepts into political history. This study employs a hybrid framework that integrates public choice theory, institutional economics, and populism to examine the influence of economic beliefs and crises on voter preferences and party strategies. There is still a thirst in the empirical literature in Pakistan's perspective on how economic concepts influence political behavior, voter confidence, and institutional legitimacy across regimes. The studies on voter behavior, institutional design, and economic ideology are frequently treated in isolation. Most of the research's focus on macroeconomic issues with little emphasis on tracking the ideological roots or examining voter preferences without taking economic narratives into account. Through connecting economic ideologies chalked by the political parties, voter awareness, and regime legitimacy, this study seeks to bridge this gap and offer a multifaceted framework that links Pakistan's political history, economic discourse, and democratic responsiveness.

## RESEARCH METHODOLOGY

This study adopts a mixed-methods research design combining historical, qualitative, and empirical approaches. First, a historical analysis of Pakistan's political and economic development is conducted using secondary sources, focusing on regime transitions, policy shifts, and institutional evolution. This is complemented by qualitative case studies of major political parties' manifestos, employing systematic content analysis to examine changes in economic ideas and policy priorities over time. Second, a time-series regression framework is employed to examine the macro-level impact of democratic and authoritarian regimes on economic outcomes in Pakistan over the period 1980–2024. Third, primary data are collected through a nationwide survey of 1,200 (finalized responses are 1026) voters and key stakeholders using stratified random sampling. The survey is supplemented by a technocratic survey and two focus group discussions conducted in Lahore and Islamabad. Survey data are analyzed using descriptive statistics, Principal Component Analysis for index construction, and multivariate regression techniques, and factor analysis to identify latent constructs (in Appendix 1, tables 1-5 some methodological details are summarized\_.

### 3.1. Survey analysis and construction of Indices

To achieve the objectives of this study, survey data are analyzed using a structured econometric framework combining index construction, baseline estimation, heterogeneity analysis, and conditional hypothesis testing. The empirical strategy is designed to uncover systematic patterns in voter preferences rather than to establish causal effects, consistent with the constraints of cross-sectional survey data in a hybrid political regime.

**Index Construction:** Let  $(X_{ij})$  denote the standardized response of individual  $i$  to item  $j$  belonging to a given conceptual domain. For each domain  $k \in \{1, \dots, 10\}$  a composite index  $I_{ik}$  is constructed using Principal Component Analysis (PCA):

$$I_{ik} = \sum_{j \in k} w_j^k X_{ij} \quad (1)$$

where  $w_j^k$  denotes the loading of item ( $j$ ) on the first principal component of domain ( $k$ ). All items are standardized prior to estimation, and only the first principal component is retained, as it captures the dominant latent dimension underlying each construct.

Following indices are constructed:

- (i) Voter Preference Index ((  $VP_i$  )),
- (ii) Economic Ideology Index ((  $EI_i$  )),
- (iii) Socio-Ego (Sociotropic-Egocentric) Index ((  $SE_i$  )),
- (iv) Trust Index ((  $TI_i$  )),
- (v) Civic Awareness and Knowledge Index ((  $CA_i$  )),
- (vi) Economic Crisis Behaviour Index ((  $ECB_i$  )),
- (vii) Inequality Perception Index ((  $INQ_i$  )),
- (viii) Democracy Index ((  $DI_i$  )),
- (ix) Institutional Performance Index ((  $IP_i$  )), and
- (x) Party Attributes and Performance Index ((  $PP_i$  )).

Higher values of each index reflect stronger alignment with the underlying construct by design.

**Baseline Specification:** The baseline empirical model relates voter preferences to economic ideas, institutional perceptions, and individual characteristics using Ordinary Least Squares (OLS):

$$VP_i = \alpha + \beta_1 EI_i + \beta_2 SE_i + \beta_3 TI_i + \beta_4 CA_i + \beta_5 ECB_i + \beta_6 INQ_i + \beta_7 IP_i + \beta_8 PP_i + \beta_9 Y_i + \varepsilon_i \quad (2)$$

where  $Y_i$  denotes individual income (or income category), and  $(\varepsilon_i)$  is an idiosyncratic error term satisfying  $E(\varepsilon_i/X_i) = 0$ . Robust standard errors are employed to account for heteroskedasticity.

**Heterogeneity Analysis:** To capture systematic heterogeneity, equation (1) is estimated separately for gender groups  $g \in \{\text{male, female}\}$  and for provinces  $p \in \{\text{ICT, Punjab, Sindh, KPK, Baluchistan}\}$ :

$$VP_{igp} = \alpha_{gp} + X'_{igp} \beta_{gp} + \varepsilon_{igp} \quad (3)$$

This stratification captures differences arising from gendered political participation and Pakistan's center-periphery political economy.

**Median Voter Hypothesis Test:** To formally test the Median Voter Hypothesis, a measure of **distance from the median economic position** is constructed. Let  $(M)$  denote the sample median of the Economic Ideology Index. Distance from the median for individual  $i$  is defined as:

$$DistMedian_i = EI_i - Median_{EI} \quad (4)$$

Classical median voter theory predicts  $(\beta_1 < 0)$  in the following specification:

$$VPI_i = \alpha + \beta_1 DistMedian_i + X_i' \gamma + \varepsilon_i \quad (5)$$

where  $VP_i$  is a PCA-based index capturing issue-based voting, economic considerations, and identity-policy trade-offs. A positive coefficient on  $(DistMedian_i)$  indicates divergence from median-voter convergence.

**Single-Peakedness of Preferences:** A necessary condition for the Median Voter Hypothesis is that voter preferences are **single-peaked** along the economic dimension. This is tested using a quadratic specification:

$$VPI_i = \alpha + \lambda_1 EI_i + \lambda_2 EI_i^2 + X_i' \phi + \eta_i \quad (6)$$

Single-peakedness is supported if the linear term is statistically significant while the quadratic term is statistically insignificant or economically small, indicating a unimodal preference distribution.

**Conditional Median Voter Model under a Hybrid Regime:** To account for the hybrid nature of Pakistan's political system, the median voter specification is augmented with democratic quality and an interaction term:

$$VP_i = \alpha + \beta_1 DistMedian_i + \beta_2 Democracy_i + \beta_3 (DistMedian_i \times Democracy_i) + X_i' \psi + \varepsilon_i \quad (7)$$

Here,  $(\beta_3)$  captures whether democratic depth conditions the relationship between economic distance and voter preferences. A negative  $\beta_3$  implies that higher levels of democracy attenuate the political advantage associated with distance from the median.

**Marginal Effects:** The marginal effect of distance from the median on voter preferences is given by:

$$\frac{\partial VPI}{\partial DistMedian_i} = \beta_1 + \beta_3 DI_i \quad (8)$$

This expression is evaluated at low, medium, and high values of the Democracy Index to visualize how democratic quality moderates median-voter dynamics. These marginal effects are presented graphically to facilitate interpretation.

All models are estimated using OLS with robust standard errors. The empirical strategy emphasizes **conditional relationships and structured heterogeneity**. Identifying systematic deviations from classical median-voter predictions and demonstrating how economic ideas and democratic depth shape political preferences in a hybrid regime.

### 3.2. Time-series Analysis and Baseline Model

After reviewing the political economy literature, following Model for empirical investigation is used for time series analysis. The optimal model to test the role of economic ideas for political history of Pakistan has the following details.

#### 3.2.1. Political Economy Setting

We assume a typical economy with N number of citizens, and each citizen has, capital endowment  $k$ , and normalized labor supply equal to 1. Citizens vote on government policies, we assume as  $\tau$  (it can be defined tax rate, subsidies or other government transfers, development expenditures, we will discuss later). It implies that our median voter determines  $\tau$ .

#### 3.2.2. Economic Environment

**The production function** (Barro, 1990) is:

$$Y = AK^\alpha G^{1-\alpha} \quad (9)$$

Where:

Y is total output; K is private capital; G is productive government investment;  $A > 0$  is technology level; and  $\alpha$  represent output elasticity of private capital.

**Government Budget Constraint:**

$$G = (1 - \lambda)\tau K \quad (10)$$

Where,  $\tau$  = tax rate on capital; and  $\lambda$  = fraction of tax revenues redistributed as lump-sum transfers to workers. The allocation parameter  $\lambda \in [0,1]$  splits revenue:

$G = (1 - \lambda)\tau K$  (productive investment),

$T = \lambda\tau K$  (redistribution).

**Redistribution** (lump-sum transfer  $T(t)$  to workers).

Thus:

$$\tau r(t)K(t) = G(t) + T(t) \quad (11)$$

$r(t)$  = gross return to capital.

$\lambda \in [0,1]$  = fraction of tax revenue used for redistribution:

$$G(t) = (1 - \lambda)\tau r(t)K(t) \quad (12)$$

$$T(t) = \lambda\tau r(t)K(t) \quad (12')$$

### Utility Functions:

Two economic agents are assumed: (i) Producers who own capital, and (ii) workers with less or no capital, earn wages  $w$  and get transfers  $T$ .

Producers:

$$U_k = \int_0^{\infty} (\log C_k) e^{-\rho t} dt \quad (13)$$

Workers:

$$U_L = \int_0^{\infty} (\log C_L) e^{-\delta t} dt \quad (13')$$

Where  $\rho$  and  $\delta$  are discount rates of producers and workers respectively.

### Individual Budget Constraints

#### Capital Accumulation by Producers:

$$\dot{K}(t) = (r(t)(1 - \tau))K(t) - C_k(t) \quad (14)$$

#### Workers' Income:

$$C_L(t) = w(t) + T(t) \quad (14')$$

### Growth rate ( $\gamma$ ) of the Economy

From standard Euler equation (optimal consumption path for producers):

Consumption Growth for Producers

$$\frac{\dot{C}_k}{C_k} = r(t)(1 - \tau) - \rho \quad (15)$$

$$\gamma = \alpha A((1 - \lambda)\tau)^{1-\alpha} - \tau - \rho \quad (16)$$

Because of capital accumulation: Growth rate of  $K(t)$  and  $y(t)$  is also driven by  $r(t)$  and policy variables  $\tau$  and  $\lambda$

Return on capital (from marginal product):

$$r(t) = \alpha A((1 - \lambda)\tau r(t))^{1-\alpha} \quad (17)$$

$$\gamma = \frac{\dot{K}}{K} = \alpha A((1 - \lambda)\tau)^{1-\alpha} - \tau - \rho \quad (17')$$

Where,  $\gamma$  = steady-state growth rate.

### 3.2.3. Political Economy of Growth: Median Voter Theorem

**Voting Behavior and Turnout:** Each citizen  $i$  decides whether to vote based on:

$$p_i B_i - E_i + D_i > 0 \quad (18)$$

where:

$p_i$  = probability that vote is pivotal (small),

$B_i$  = benefit if preferred tax is implemented,

$E_i$  = cost of voting (time, effort),

$D_i$  = consumption benefit (civic duty).

**Turnout prediction: More informed / richer citizens** (higher  $K_i$ ) have higher  $D_i$  and lower  $E_i$ , thus higher turnout probabilities. Here we can assume that more concerned a citizen is about the economic issues, will vote.

**Optimal Tax Rate for Median Voter:** Assume a continuum of agents differentiated by their capital ownership  $k_i \in [0,1]$  where  $k_i$  is agent  $i$ 's share of total capital.

Rich agents ( $k$  high) prefer lower  $\tau$ .

Poor agents ( $k$  low) prefer higher  $\tau$ .

The median voter (with median capital share  $K_m$ ) determines the equilibrium tax rate. Thus a median voter with capital  $K_m$ , chooses  $\tau$  to maximize utility. His preferred tax rate solves,

$$\tau^* = \arg \max_{\tau} \{ \log((1 - \tau)r k_m + w + \lambda \tau K) \} \quad (19)$$

First-order condition for voter  $i$ :

$$\frac{dU_i}{d\tau} = 0, \quad (20)$$

Which leads to

$$(1 - \lambda)r k_m = \lambda(w + \lambda \tau K) \quad (21)$$

Following Alesina & Rodrik (1991), we can show:

$$\tau_m = \tau(k_m) \quad (22)$$

**More unequal** capital distribution  $\Rightarrow$  lower  $k_m \Rightarrow$  higher preferred  $\tau_m$ .

Thus, under **greater inequality, the political system chooses higher taxes on capital**, leading to **lower growth**.

### 3.2.4. Prediction for Pakistan Economy

The Pakistan economy has been under different regimes of dictatorship and democracy. During these regimes, different economic thought were lauded by the chief executives. From the foregoing discussion we can mathematically express that:

Under Democracy

$$\frac{d\tau_m}{dInequality} > 0, \frac{dy}{dInequality} < 0 \quad (23)$$

Under dictatorship (elite rule):

$$\tau \approx \tau^*(\text{growth-maximizing tax}) \quad (24)$$

### 3.3. Reduced-form Model Equations

Based on foregoing discussion, following reduced form equations will be estimated, this will also include nominal exchange rate depreciation and inflations rate as control variables.

Inequality and Taxation:

$$\tau_t = \alpha_0 + \alpha_1 Inequality_t + \alpha_2 Democracy_t + \alpha_3 dER + \alpha_4 dp + \epsilon_t \quad (25)$$

Taxation and Growth:

$$\gamma_t = \beta_0 + \beta_1 \tau_t + \beta_2 Inequality_t + \beta_3 Democracy_t + \beta_4 k_t + \beta_5 dER_t + \beta_6 dp_t + u_t \quad (26)$$

Direct Inequality-Growth Link:

$$\gamma_t = \theta_0 + \theta_1 Inequality_t + \theta_2 Democracy_t + vt \quad (27)$$

The model can be generalized to primary data also, with some necessary modifications. The time-series empirical methodology for this interim report is based on unit root tests, regression analysis with multiple equation using a specific-to-general approach by reducing the restrictions.

Time period: (i) For time series analysis: 1975-2024,

(ii) For survey (July-September, 2025)

Appendix 1(A1table 5) comprises the main variables and their sources.

## FINDINGS AND DISCUSSION

To align our analysis to the objectives and the methodology discussed above we first present a snapshot of political history of Pakistan. Comparing Pakistan’s political regimes through the lens of political economy reveals distinct patterns in how ideas, institutions, and elite interests shaped development outcomes.

Military regimes often centralized authority, enabling short-term growth but weakening democratic accountability. Civilian regimes struggled with fragmentation and politicization. Across all regimes, elite capture remained persistent but evolved—from bureaucratic dominance (1947–58) to multi-sectoral entrenchment (2008–18). UNDP (2020) quantifies elite extraction at nearly 8% of GDP. Ideological shifts (socialist, neoliberal, populist) rarely translated into inclusive development due to weak institutions and elite resistance. Technocratic authoritarian regimes (Ayub, Musharraf) delivered growth but entrenched elite networks. Populist regimes disrupted narratives but failed to restructure power.

*Table 1: Pakistan’s Political Economy History – Disaggregated Phase-wise Analysis*

Period	Political Context	Dominant Economic Ideas	Key Data Points & Outcomes
1947–1958	Early state-building, bureaucratic dominance	Agrarian focus, import substitution	GDP growth ~3%; industrial share <8%; foreign aid crucial for balance of payments
1958–1971	Ayub Khan’s technocratic military rule	Developmental plans Green Revolution	GDP growth ~6.8%; manufacturing share rose to 15%; rural inequality widened
1972–1977	Bhutto’s populism, nationalization	Socialist model	Public investment rose to 10.6% of GDP; inflation hit 26% in 1974
1977–1988	Zia’s military rule, Islamization	Islamic finance, informal growth, NSS	Remittances rose from \$0.4B to \$2.9B; GDP growth averaged 6.6%
1988–1999	Democratic churn, IMF-led reforms	Liberalization, privatization	External debt doubled to \$38B; poverty rose from 24% to 32%
1999–2008	Musharraf’s technocratic governance	Neoliberalism, fiscal discipline	GDP growth peaked at 8.6% (2004–05); debt-to-GDP ratio fell to 44% (in 2007) from 60% (1999)
2008–2018	Coalition politics, elite entrenchment	Mixed signals, donor dependence	UNDP: Rs. 2.7 trillion lost to elite capture in 2017–18 (~8% of GDP)
2018–2023	Populism, institutional strain	Welfare expansion, IMF bailouts	Inflation >30% (2022); poverty rate reached 42.3% in FY24

*Sources: Various Issues of Pakistan Economic Survey, SBP and IMF, UNDP and WB Reports.*

### 4.1. Reforms and the Political Economy

Pakistan’s political economy has been marked by cyclical reform attempts that consistently weaken under the weight of political institutional fragility. From land reforms and privatization to judicial restructuring and local governance, each initiative—regardless of ideological origin—has been subverted by entrenched power blocs. As documented by UNDP, eight elite groups extracted nearly Rs. 2.7 trillion in 2017–18 alone, amounting to 8% of GDP, through preferential access, tax exemptions, and distorted pricing mechanisms. These outcomes are not anomalies but symptoms of extractive institutions designed to farther public welfare. Historical lessons show that reforms fail not due to poor design alone, but because they threaten entrenched interests without altering the

incentive structures that sustain them. Thus to achieve the goal of a trillion dollar economy, the reform must be conceptualized as a strategic process: bundled, sequenced, and grounded in institutional realism. For example, pairing land reform with judicial enforcement enhances both feasibility and impact, provided that legal infrastructure and citizen coalitions are in place. A scoring model that evaluates reforms across dimensions like elite disruption, fiscal sustainability, and voter responsiveness can help policymakers prioritize interventions that are not only technically sound but politically viable. Ultimately, the challenge is not just to design better policies, but to reengineer the rules of the game within Pakistan’s governance architecture. Table A2-Table2 in appendix 2 presents the key dimensions to evaluate the responsiveness about reforms. On the basis of these dimensions, table 2 shows how each has contributed towards these reforms.

*Table 2: Historical Reform Failures: Rooted in Elite Resistance & Institutional Fragility*

<b>Reform Proposal</b>	<b>Institutional Resilience</b>	<b>Elite Disruption</b>	<b>Fiscal Sustainability</b>	<b>Voter Responsiveness</b>	<b>Feasibility</b>	<b>Equity &amp; Inclusion</b>	<b>Average Score</b>	<b>Composite Index</b>
Land Value Taxation	5	4	4	1.5	2	4.5	3.5	3.725
Local Govt Empowerment	1.5	2.5	2.5	4.5	2.5	5	3.08	2.8
Elite Subsidy Removal	4.5	4.5	5	1.5	2	1.5	3.17	3.6
Judicial Reform	4.5	2	2.5	2	2	2	2.5	2.725

*Note: These six agents are given weights of 25%, 20%, 20%, 15%, 10% and 10%, respectively.*

*Source: Authors' computations based on literature, reports and official documents*

#### **4.1.1. Analysis of Election Manifestos of Political Parties**

The election manifestos of Pakistan’s major political parties—PML-N, PTI, and PPP—reflect distinct ideological orientations, governance philosophies, and economic priorities. PML-N positions itself within a framework of developmental nationalism, emphasizing infrastructure expansion, export promotion, and fiscal discipline through a pragmatic, technocratic lens. PTI adopts a populist reformist stance infused with Islamic symbolism, particularly the Medina model, portraying itself as a disruptor of entrenched elites and conventional politics. PPP advances a democratic and inclusive vision centered on institutional reform, youth empowerment, federalism, and social equity. Economically, PML-N relies on traditional growth drivers, PTI prioritizes digital transformation and SME-led growth, while PPP seeks to balance modernization with redistribution through industrial renewal and employment generation.

Governance strategies further differentiate the parties. PTI proposes radical administrative restructuring, including redefining bureaucratic hierarchies, whereas PML-N favors incremental civil service reforms and digital governance tools. PPP emphasizes decentralization, transparency, and strengthening local governance. In social policy, PTI promotes expansive welfare initiatives such as universal health coverage and housing schemes; PML-N maintains a conventional welfare approach; and PPP targets marginalized groups through tailored interventions, notably BISP. Divergent foreign policy visions are also evident: PML-N stresses geo-economic diplomacy, PTI advances a “Pakistan First” doctrine, and PPP advocates multilateralism and peaceful coexistence.

Comparing manifesto commitments with governance outcomes reveals persistent gaps between promises and institutional capacity. PML-N’s infrastructure-led strategy delivered visible projects but often postponed governance reforms. PTI introduced innovative welfare programs yet faced execution failures and fiscal pressures. PPP’s welfare legacy remains significant, though its governance record has been criticized for institutional weakness. Collectively, these trajectories highlight enduring tensions between political narratives, implementation capacity, and reform sustainability.

*Table 3: Simulated Dashboard Scenario: Economy-Focused Agents*

Dimension	Weight	PML-N	PTI	PPP
Economic Stability	25%	4.2	3.5	2.9
Job Creation	15%	3.8	3.2	2.7
Public Services	10%	3.6	3.5	3.6
Infrastructure	10%	4.1	3.4	2.9
Welfare & Inclusion	10%	3.5	4.1	3.9
Governance	15%	2.8	3.6	2.5
Crisis Management	10%	3.2	4	2.6
Public Trust	5%	3.5	3	3.3
Weighted Score		3.65	3.55	2.98

*Sources: Authors' own calculation based on [Pakistan Economic Survey, articles and economic data](#). These scores are grounded on the agenda, performance, and approach towards each dimension, based on historical analysis and pilot survey results. For example the growth rate of GDP with price and exchange rate management are weighed in Economic Stability Indicator. The performance of period from 2008-13, 2013-18 and 2018-22 are compared.*

## 4.2. Empirical Findings based on General Survey Dataset

This survey explores how economic ideologies, crisis experiences, and governance perceptions shape voter behavior and reform preferences in Pakistan. The pilot survey was done in June, 2025 whereas the general survey was executed physically by the research team and the enumerators during August-September, 2025 across all regions of Pakistan. Of the 1,200 questionnaires distributed, 1,078 were returned. Following data validation procedures, 52 questionnaires were discarded due to substantial item non-response, straight-lining behavior, and inconsistencies in key responses. Consequently, the final analytical sample comprised 1,026 valid observations. This corresponds to an effective response rate of 85.5 percent, which is well within acceptable standards for large-scale survey research.

### 4.2.1. Scope of Questionnaire

This questionnaire covers 74 thematic questions that cover following dimensions: Economic ideology & voter cognition; Crisis response & regime trust; Inequality & policy perception; Civic awareness; institutional preferences; and Budget & reform priorities.

### 4.2.2 Descriptive Analysis

The demographic profile of respondents reflects substantial income, regional, age, and gender diversity. Income distribution is concentrated in the middle-income brackets, with the largest share of respondents earning between PKR 60,001–100,000, followed by the PKR 30,001–60,000 and PKR

100,001–200,000 groups, indicating strong representation of economically active and policy-relevant segments. Punjab, Sindh, and KPK dominate the sample, while ICT and Baluchistan remain comparatively smaller, reflecting population and institutional concentration patterns. Age-wise, respondents are predominantly between 26–45 years, suggesting perspectives shaped by both professional experience and active labor-market engagement. Male respondents constitute the majority across all provinces, though female participation is notable in Punjab and Sindh, particularly among younger cohorts. Representation of “other” genders is minimal, reflecting broader structural constraints. Overall, the demographic composition provides a balanced cross-section of regional and socioeconomic groups, strengthening the credibility of inference regarding political-economic preferences and reform perceptions.

*Table 4: Demographic Decomposition of Respondents*

Income Group	ICT	Punjab	Sind	KPK	Baluchistan	Total
Less than 30000	4	76	26	57	3	166
30001-60000	4	69	73	86	9	241
60001-100000	7	115	135	59	18	334
100001-200000	6	94	48	39	21	208
more than 200000	8	43	13	12	1	77
<b>Total</b>	<b>29</b>	<b>397</b>	<b>295</b>	<b>253</b>	<b>52</b>	<b>1,026</b>

Age Group	Province											
	ICT		Punjab			Sind		KPK		Baluchistan		
	Female	male	Female	male	others	Female	male	Female	male	Female	male	others
18-25	11	7	75	96	1	11	11	4	58	2	7	0
26-35	1	3	52	122	2	25	32	11	100	5	13	1
36-45	0	3	9	22	0	20	40	6	46	2	12	0
46-55	1	3	6	10	0	28	52	1	17	1	7	0
56+	0	0	0	2	0	23	53	0	10	0	2	0

*Source: Authors' own calculation, based on Authors' own survey data.*

#### **4.2.3. Correlation Matrix and the Construction of Indices**

On the basis of collected data, about ten indices were constructed to perform empirical analysis, including; Voter Preference Index (VPI), **Economic Ideology (EII)**, **Sociotropic Orientation (SECI)**, **Trust (TI)**, **Civic Awareness (CAI)**, **Economic Crisis Behaviour (ECB)**, **Institutional Performance (IPI)**, and **Democracy Index (DI)**. The construction methodology is discussed in section 3.1.1 above. The correlation analysis provides strong preliminary support for the study’s central political-economy framework (correlation tables are provided in Appendix 3, A3-tables 1-3). Across both Pearson and nonparametric measures, the **VPI** exhibits strong positive correlations with **EII**, **SECI**, **TI**, **CAI**, **ECB**, **IPI**, and **DI**. This clustering indicates that programmatic voting is embedded in a coherent ideological–institutional belief system rather than isolated attitudes. The particularly high correlations between VPI, SECI, and TI suggest that collective economic reasoning and institutional trust jointly reinforce policy-oriented political engagement. Economic ideology is linked with civic awareness, trust, and democratic attitudes, confirming that ideological clarity coexists with political knowledge and normative democratic commitments. At the same time, income shows only weak and often insignificant correlations with most indices, reinforcing the later regression finding that economic position alone does not structure voter preferences in a median-voter sense. Party

Attributes and Performance (PPI) display negligible correlations with VPI and most ideological variables, suggesting that leader-centric or party-branding considerations operate independently from programmatic voting. Moreover, the partial correlation matrix further refines these perceptions. Once overlapping influences are controlled for, VPI remains strongly associated with sociotropic reasoning, trust, institutional performance, and democracy, while its association with civic awareness turns weak or negative. This pattern is consistent with informed cynicism in a hybrid regime. Importantly, the persistence of strong correlations among SECI, TI, IPI, and DI even under partial correlations indicates a stable institutional core shaping political behavior. Overall, the correlation structure anticipates the regression results by revealing why voter preferences diverge from simple income-based or median-voter explanations.

#### **4.2.4. Budget Preferences**

The general survey reveals (Table 5A) a clear and coherent hierarchy of public budget preferences, indicating strong social-sector orientation and relatively weak support for climate-centered allocations. Education and health occupy explicitly dominant positions, with nearly identical weighted scores. This indicates that voters prioritize capacity-building and risk protection over macroeconomic or strategic expenditures. Importantly, this preference structure is forward-looking, emphasizing productivity rather than short-term relief. Infrastructure and agriculture-related spending rank in the middle tier, suggesting that voters recognize their growth relevance but do not view them as substitutes for education and health. This ordering contradicts technocratic narratives that prioritize infrastructure-led growth in isolation. Employment ranks fifth, implying that voters expect jobs to emerge indirectly from investments in education, health, agriculture, and infrastructure rather than through direct employment schemes. This has important implications for labor-market policy design. Defense Does Not Crowd Out Civilian Preferences. Defense spending ranks only sixth, indicating that despite security concerns, the electorate does not favor militarized budget dominance. This finding is particularly important in the context of Pakistan's bureaucratic-military political economy, where defense allocations often exceed voter preferences. Redistribution without growth has limited appeal. Social welfare programs rank below defense, signaling conditional support for redistribution. Voters appear to prefer opportunity-enhancing spending over cash transfers, consistent with dignity-based rather than dependency-based welfare preferences. Further, abstract reforms fail to mobilize voters. Governance reforms, industrial policy, and climate spending occupy the lowest ranks. This does not imply voter opposition, but rather: Low immediacy; Weak credibility of implementation; High opportunity cost under inflationary stress. Climate policy's low rank is especially telling: existential risks are discounted when livelihood risks dominate.

Table 5B highlights clear demographic heterogeneity in budgetary priorities across regions and gender in Pakistan. Education and health consistently rank as the top priorities across all provinces and for both males and females, indicating a broad national consensus on human capital investment. This preference is particularly strong in Sindh and Baluchistan, reflecting larger perceived deficits in basic public services in peripheral regions. Infrastructure spending shows marked regional variation, receiving relatively low priority in ICT and Punjab but substantially higher emphasis in Sindh and Baluchistan, where development gaps are more pronounced. Employment generation occupies a middle-to-high priority across all demographics, underscoring widespread labor market concerns.

Defense spending remains moderate overall and is least prioritized in Sind and Baluchistan. Agriculture and social welfare programs receive greater attention in rural and less-developed regions, while governance, climate, and industrial policy rank lower, especially in core provinces. Gender differences are modest but suggest slightly stronger emphasis by women on social welfare and climate-related spending, consistent with more sociotropic policy orientations.

Table 5: Budget Preferences (Aggregate Scores and Demographic Heterogeneity)

If you were given the chance to prepare the national budget, how would you prioritize the following sectors?  N = 1026	Sectors	Rank	Score				
	Education	1	8.537	Highest priority; reflects long-term human capital concerns			
	Health	2	8.524	Strong post-COVID and inflation-driven demand			
	InfraD	3	6.961	Growth-enabling but secondary to social sectors			
	Agri	4	6.681	Food security and productivity concerns			
	EMP	5	6.155	Job creation important but indirect			
	DEF	6	5.607	Moderate support, not dominant			
	SWP	7	5.247	Preference for opportunity over transfers			
	GRAC	8	4.698	Low visibility and trust deficit			
	IND	9	4.675	Weak resonance with median voter			
	Climate	10	4.676	Lowest priority under economic stress			

If you were given the chance to prepare the national budget, how would you prioritize the following sectors?  N = 1026	Sectors	Regions					Gender	
		ICT	Punjab	Sind	KPK	Baluchistan	Female	Male
	Education	8.345	8.287	9.102	8.079	9.765	8.585	8.536
	Health	7.690	8.071	9.573	8.024	9.118	8.609	8.492
	Infra	5.379	6.436	8.254	6.411	7.333	8.153	8.148
	Agri	5.966	6.212	7.712	6.257	7.000	4.568	4.375
	Defense	5.241	5.655	5.922	5.490	4.314	5.017	5.095
	EMP	6.310	5.388	7.180	6.043	6.784	6.139	6.159
	SWP	4.897	4.594	6.519	4.731	5.804	5.122	5.295
	Climate	3.966	4.179	6.027	3.937	4.882	4.823	4.620
	GRAC	5.069	3.809	6.759	3.830	3.882	4.990	4.588
	IND	4.138	3.657	6.631	4.008	5.000	4.704	4.673

Source: Authors' own calculation, based on Authors' own survey data.

#### 4.2.5. Analysis of Public Opinion on Economic Governance in Pakistan

There is a series of question in the end of questionnaire about general opinion regarding reforms, governance, inflation, source of political information etc. This analysis is based on the Pie cart (given in appendix); provide insights into public opinion on economic governance in Pakistan. The charts explore the type of governance model considered most effective for economic development, the sources of political information trusted when evaluating economic policies, and the reforms prioritized by the public. The second set of charts examines the factors influencing political support during economic crises, the importance of different economic outcomes, and the perceived causes of economic inequality in Pakistan.

**Governance Model and Reforms Priorities:** The data reveal that the majority of respondents (26%) favor a Centralized Planning approach to economic development, followed by Adaptive Governance (23%), and Bilateral and Multilateral Partnerships (20%). The public trusts Mainstream

Media (24%) as the primary source of political information, followed by Social Media (20%) and Academic Experts (19%). The top Reforms Priority is Tax System Reforms (24%), followed by Economic Stabilization (22%) and Education and Skills (20%).

**Factors Influencing Political Support and Economic Inequality:** The charts also indicates that Economic Literacy/Policy (26%) and Leadership (23%) are crucial factors influencing political support during economic crises. The public considers Control of Inflation (27%), Employment Rate & Workforce (23%), and GDP Growth (20%) as key economic outcomes when evaluating government performance. The perceived causes of economic inequality in Pakistan include Managerial Corruption (28%), Lack of Inclusive Policy Design (21%), and Weak Rule of Law (20%).

Overall, these findings emphasize the need for a balanced economic governance framework in Pakistan that combines centralized planning with adaptive governance. Public priorities include tax reform, economic stabilization, and education and skills development, with strong reliance on media for political information. Economic literacy, leadership quality, and policy performance shape political support during crises, while addressing corruption, inclusivity, and rule of law remains essential for reducing inequality and promoting sustainable development.

### **4.3. Empirical Findings**

Examining whether political preferences and policy demands converge around the economic choices of the median voter is central to this study, which experimentally tests the Median Voter Hypothesis (MVH) within Pakistan's political economy. In its classical formulation, the MVH posits that under democratic competition, political parties have strong incentives to align their policy platforms with the preferences of the median voter along a dominant policy dimension (Downs, 1957). In this study, that dimension is defined by economic orientations toward markets, redistribution, and state intervention. However, contemporary theoretical contributions emphasize that such convergence represents a special and fragile equilibrium, contingent on restrictive assumptions such as single-peaked preferences, low polarization, and a unidimensional policy space (Ashworth & Bueno de Mesquita, 2014; Großer & Palfrey, 2021). When voter preferences are multidimensional or politically salient cleavages intensify, party platforms may become unstable or diverge from median voter predictions. Empirically, recent research examining taxation, social spending, and redistributive policies reports mixed support for the MVH, suggesting that institutional constraints, elite incentives, and inequality can weaken the median voter mechanism (Iversen & Soskice, 2006; Enns & Wlezien, 2011). Moreover, growing political polarization and unequal voter turnout have been shown to systematically distort the transmission of median voter preferences into policy outcomes, further challenging the explanatory power of the MVH in contemporary democracies (Lindqvist & Östling, 2010; McCarty et al., 2016). The Median Voter Hypothesis is tested by examining whether political preferences and policy demands converge around the median value of the Economic Ideas Index, using distance-from-median measures to assess political and budgetary alignment. The equations are presented in section 3.1 (1-8), above.

#### ***4.3.1. Estimation of Gender-wise and Full Sample Including all Variable***

This study set out to examine how economic ideas, sociotropic reasoning, and institutional perceptions shape voter preferences in Pakistan, a context characterized by hybrid political

arrangements and weak programmatic competition. The regression results provide strong evidence that voter behavior in Pakistan is structured far more by economic ideas and distributive concerns than by short-term economic shocks or institutional performance, while also revealing important gender-based differences in the mechanisms through which these factors operate. Across the full sample, the Economic Ideology Index emerges as the most powerful determinant of voter preferences. This finding strongly supports the central argument of the paper: that economic ideas constitute a foundational cognitive framework through which voters interpret political choices. Voters with clearer and more coherent economic beliefs are significantly more likely to exhibit policy-oriented voting behavior. This result challenges the conventional view that political behavior in Pakistan is predominantly identity-driven or clientelistic, and instead suggests that ideological reasoning plays a substantive role even within a constrained democratic environment.

Closely related to this is the positive role of sociotropic reasoning. Voters who evaluate political and economic conditions from a national rather than personal perspective demonstrate stronger alignment with policy-based voting preferences. This indicates that political maturity in Pakistan is associated with collective economic reasoning rather than narrow self-interest. Importantly, this sociotropic orientation remains robust even after controlling for income, inequality perceptions, and institutional variables, underscoring its independent explanatory power. Together, economic ideology and sociotropic reasoning form the core pillars of programmatic political engagement in the Pakistani context.

Income, by contrast, exhibits a negative association with voter preference alignment in the full sample. Higher-income individuals appear less inclined toward policy-driven voting, suggesting that economic security may reduce incentives to engage with redistributive or reform-oriented political agendas. This pattern is consistent with elite accommodation and status quo bias, where economically privileged groups rely less on electoral mechanisms to protect their interests. Rather than supporting the median voter hypothesis, this result aligns more closely with theories of elite capture and asymmetric political influence.

Perceptions of inequality play a significant mobilizing role. Individuals who perceive inequality as a serious structural problem are more likely to support policy-based political choices. This indicates that inequality functions as a politicizing force, activating demand for reform rather than inducing apathy. In contrast, short-term economic distress, as captured by the Economic Crisis Behaviour index, does not independently influence voter preferences once deeper ideological and distributive considerations are accounted for. This suggests that crisis-driven voting is largely filtered through pre-existing beliefs rather than operating as an autonomous driver of political behavior.

One significant finding indicates that higher civic awareness correlates with weaker programmatic voting preferences, counter to classical democratic theory. This phenomenon reflects informed skepticism rather than political disengagement. In a hybrid regime with limited accountability and elite dominance, increased political knowledge can lead to greater awareness of institutional dysfunction, diminishing confidence in policy-based electoral participation. Thus, civic awareness fosters critical distance instead of democratic optimism.

Trust in political institutions positively influences voter preferences, suggesting that confidence fosters programmatic engagement. However, once trust and ideology are accounted for, perceived institutional performance does not directly affect voter preferences. This highlights that voters distinguish between their abstract confidence in political processes and assessments of institutional effectiveness, with the former being more impactful on electoral behavior. Party attributes and performance considerations negatively impact policy-based voting preferences, indicating a focus on personalistic and leader-centric politics in Pakistan, where elements such as charisma and party branding overshadow substantive policy evaluation. This reinforces the notion that programmatic politics competes with personalized political appeals. Gender-disaggregated results reveal important asymmetries. Among male voters, income effects are stronger, trust plays a more prominent role, and inequality perceptions exert a substantial mobilizing influence. This suggests that male political behavior is more closely tied to economic positioning and institutional confidence. Civic awareness among men, however, also reduces programmatic voting, indicating that skepticism is not confined to female voters.

Among female voters, several distinct patterns emerge. Income does not significantly influence voter preferences, implying that women’s political choices are less directly shaped by personal economic standing. Trust in political institutions also plays a weaker role, which may reflect historical exclusion, lower institutional responsiveness to women’s concerns, or differential experiences with political authority. At the same time, sociotropic reasoning is more influential among women than men, indicating a stronger orientation toward collective economic outcomes. Civic awareness has a particularly strong negative association with policy-based voting among women, suggesting that political knowledge may heighten perceptions of exclusion or inefficacy more acutely for female voters.

Findings on political behavior in Pakistan challenge classical median voter theory, revealing that voter preferences are influenced by ideological clarity, sociotropic reasoning, and perceptions of inequality. Additionally, gendered patterns indicate distinct cognitive and institutional pathways for political engagement among men and women. These dynamics highlight citizens' adaptive responses to a politically contested but limited democratic system.

*Table 6: Dependent Variable: Voter Preference Index*

Variable	Male		Female		Full Samplee	
	Coefficient	t-stat	Coefficient	t-stat	Coefficient	t-stat
(Constant)	0.098	2.748	-0.005	-0.098	0.076	2.606
Y	-0.033	-2.783	-0.007	-0.429	-0.027	-2.810
EII	0.440	11.036	0.404	7.255	0.428	13.272
SECI	0.192	7.384	0.233	6.418	0.207	9.845
TI	0.149	3.632	0.048	0.885	0.123	3.769
CAI	-0.182	-4.570	-0.192	-3.598	-0.181	-5.654
ECB	0.023	0.605	0.019	0.415	0.015	0.510
InQI	0.152	5.664	0.085	2.282	0.125	5.787
IPI	-0.013	-0.563	0.061	1.843	0.014	0.740
PPI	-0.031	-1.472	-0.048	-1.71	-0.034	-2.059
Rsq	0.63		0.67		0.64	

F	132.89	65.220	133.020
N	727	293	1025

*Note: The diagnostic tests for hetroskedasticity and model specification are performed but for brevity purpose, not presented here. The relevant figures are given in appendix 7.*

*Source: Authors' own calculation, based on Authors' own survey data.*

#### **4.3.2. Provincial Heterogeneity in the Political Economy of Voter Preferences**

The table 15 exhibits province-wise estimations that reveal substantial regional variation in the determinants of voter preferences, underscoring the importance of political economy context in shaping how economic ideas translate into electoral behavior in Pakistan. While the full-sample results suggest a broadly consistent ideological structure of voting, the provincial regressions demonstrate that the mechanisms through which economic ideas, sociotropic reasoning, trust, and inequality perceptions operate are deeply conditioned by local institutional capacity, historical political integration, and socio-economic development.

Across provinces, the Economic Ideology Index significantly influences voter preferences, with clear economic beliefs leading to policy-oriented political preferences. The strongest effects are in Sindh and KPK, where political contestation makes economic ideas pivotal in voting choices. In Punjab, although the effect is positive, it's less pronounced due to patronage networks and party influences lessening the impact of ideology on voting. Sociotropic reasoning affects voter preferences differently across regions in Pakistan. In Sindh and Punjab, it strongly influences voters who assess political options based on collective economic outcomes. Conversely, in Islamabad Capital Territory, sociotropic reasoning is weak and insignificant, attributed to its unique socio-economic factors like higher incomes and bureaucratic employment, which lessen the importance of collective economic views. Income effects show regional asymmetry, with Punjab and KPK revealing that higher income correlates with weaker policy-oriented voting. This indicates that economic security reduces engagement with redistributive agendas, aligning with elite accommodation dynamics where affluent voters engage less in electoral politics. Conversely, in ICT and Sindh, income does not significantly affect voting behavior, suggesting that in urbanized or politically fragmented areas, income alone cannot account for electoral choices. Trust in political institutions is notably strong in Baluchistan, KPK, and Punjab, while absent in Sindh. In the provinces with historical state contention or institutional dominance, trust fosters political engagement. Conversely, in Sindh, the lack of trust implies voters have adapted to institutional dysfunction, depending more on ideology and sociotropic reasoning than on confidence in political figures. Civic awareness in KPK and Sindh shows a negative relationship with voter preferences, particularly pronounced in Sindh. This trend indicates informed disillusionment rather than disengagement, as increased political knowledge in areas with weak accountability may lead to heightened awareness of structural constraints, reducing faith in electoral participation. In contrast, Punjab and ICT display no significant civic awareness effect, highlighting that skepticism varies based on local governance performance and media exposure.

Economic crisis behavior does not significantly impact voter preferences in any province, suggesting that short-term economic shocks are politically mediated through belief systems rather than being an independent trigger for electoral change, thus challenging crisis-voting narratives. Perceptions of inequality strongly influence voting behaviors in Punjab and KPK, where higher inequality correlates

with increased policy-oriented voting. In contrast, Baluchistan shows a negative association, with perceptions of inequality leading to voter indifference instead of mobilization, suggesting that in areas with ongoing deprivation and weak state presence, concerns about inequality may result in political resignation rather than engagement. Institutional performance has limited impact across provinces, highlighting a division between trust and performance in the political system. Voters may trust the system and engage programmatically despite negative evaluations of institutional outcomes. The lack of performance effects in Sindh and KPK suggests that formal metrics are less relevant for voters in hybrid or informal political contexts. Party attributes and performance considerations have varying impacts across regions. In Baluchistan and ICT, they negatively affect programmatic voting, implying that personalistic or identity-based appeals overshadow policy evaluation. Conversely, in KPK, these factors positively influence voting, indicating a stronger tradition of programmatic competition and reform-oriented narratives in the province.

Table 7: Province-wise Baseline Model Estimation. Dependent Variable: Voter Preference Index

Variable	ICT		Baluchistan		KPK		Sind		Punjab		Full Sample	
	B	t	B	t	B	t	B	t	B	t	B	t
(Constant)	0.04	0.16	-0.26	-1.33	<b>0.16</b>	3.03	-0.06	-1.02	<b>0.15</b>	3.09	<b>0.08</b>	2.60
Y	0.01	0.12	<b>0.09</b>	1.71	<b>-0.04</b>	-2.26	0.03	1.47	<b>-0.04</b>	-3.07	<b>-0.03</b>	-2.81
EII	<b>0.65</b>	2.27	<b>0.33</b>	2.24	<b>0.45</b>	7.33	<b>0.51</b>	11.94	<b>0.24</b>	3.90	<b>0.43</b>	13.27
SECI	0.02	0.11	<b>0.28</b>	2.60	<b>0.10</b>	2.68	<b>0.29</b>	9.50	<b>0.19</b>	5.02	<b>0.21</b>	9.84
TI	0.18	0.64	<b>0.30</b>	2.24	<b>0.25</b>	4.25	-0.01	-0.28	<b>0.16</b>	2.48	<b>0.13</b>	3.77
CAI	-0.29	-1.11	-0.14	-0.90	<b>-0.18</b>	-3.02	-0.34	-8.03	-0.05	-0.87	<b>-0.18</b>	-5.65
ECB	-0.21	-0.78	-0.16	-1.21	-0.09	-1.40	0.03	0.88	<b>0.09</b>	1.76	0.02	0.51
InQI	-0.18	-0.67	<b>-0.28</b>	-2.76	<b>0.17</b>	3.46	0.03	1.01	<b>0.26</b>	5.10	<b>0.13</b>	5.79
IPI	<b>0.32</b>	1.76	-0.08	-0.89	<b>-0.07</b>	-1.82	0.00	-0.04	0.05	1.51	0.01	0.74
PPI	-0.11	-0.60	<b>-0.13</b>	-1.98	<b>0.08</b>	2.08	<b>-0.03</b>	<b>-1.65</b>	0.02	0.53	<b>-0.03</b>	-2.06

Rsqr	0.66	0.63	0.51	0.74	0.67	0.63
F	4.14	7.92	28.15	88.74	88.09	195.32
N	28	51	252	294	396	1025

Source: Authors' computations.

The province-wise estimations support that economic ideas are significant universally but influenced by regional factors. In Pakistan, the electoral landscape is not a homogenous national entity but a mosaic of region-specific political dynamics, characterized by ideological unity and institutional fragmentation.

#### 4.3.2. Discussion

The baseline estimations for voter preferences in Pakistan indicate that they are primarily influenced by economic ideology, sociotropic reasoning, trust, and perceptions of inequality rather than short-term economic conditions or institutional performance. However, provincial analyses reveal significant regional differences in how these economic ideas and perceptions affect voter behavior

due to varying institutional and socio-economic contexts. The Economic Ideology Index shows a positive effect nationally, but its interaction with trust, inequality, and civic awareness varies by region, highlighting the existence of distinct regional political logics within Pakistan's federal structure. This shift from a national perspective to a provincial analysis emphasizes the complexity of voter preferences across different regions.

**Provincial Patterns – Center-periphery Theory:** Interpreting provincial patterns through the center-periphery framework provides a coherent explanation for Pakistan's political heterogeneity. Punjab, as the political and administrative core, displays an integrated political economy where sociotropic concerns and inequality perceptions strongly shape voter preferences, while higher income dampens systematic voting. Economic ideas matter, but their influence is moderated by entrenched patronage networks and party machinery. Sindh reflects a semi-peripheral structure marked by fragmented authority: economic ideology and sociotropic reasoning influence preferences, yet institutional trust is largely irrelevant and civic awareness heightens skepticism, indicating rational disengagement in the face of persistent governance failures. KPK occupies an intermediate position, with ideology, trust, inequality perceptions, and sociotropic reasoning all playing significant roles, consistent with its reformist political traditions; however, the negative income effect suggests that economic security still weakens policy-driven engagement. Baluchistan represents the peripheral extreme, where chronic deprivation and weak state penetration prevent economic grievances from translating into systematic political action; inequality appears to generate resignation rather than mobilization, and formal party attributes carry little weight. Islamabad Capital Territory stands apart as an administrative enclave, where economic ideology is present but weakly connected to electoral behavior due to insulation from distributive politics. Overall, the findings support a center-periphery interpretation in which shared economic ideas are mediated by regional institutional contexts, leading to fragmented political preferences rather than convergence toward a median voter.

The findings suggest that economic ideology matters in Pakistan, challenging the notion of a purely clientelistic electorate. However, strong provincial variation means national reforms will not gain uniform support. In Punjab, inequality-focused reforms may resonate, while Sindh and KPK require improved governance and accountability. In Baluchistan, reforms must be accompanied by tangible state presence and basic services. Overall, reform failures stem from mismatches between centralized narratives and regionally diverse political economies, highlighting the need for territorially tailored strategies.

#### **4.4. The Median Voter Results**

##### ***4.4.1. Estimation of MVH***

The most striking and theoretically consequential result is the consistently positive coefficient on distance from the median economic position. Rather than convergence toward the center, voter preferences become *stronger and more programmatic as individuals move away from the median*. This pattern holds across all specifications and remains stable after controlling for economic shocks, trust, civic awareness, and institutional performance. Substantively, this implies that political influence in Pakistan does not accrue to the median voter; instead, political engagement is disproportionately

driven by voters located further from the economic center—both above and below—who possess stronger ideological commitments.

The results are presented in Table 17, below. The main finding that the positive sign of coefficient of DistMedianEI directly contradicts the core prediction of the Median Voter Hypothesis and aligns more closely with theories of **elite polarization and asymmetric political participation**. In a hybrid political system, the median voter is not the pivotal actor; rather, political competition is structured around ideologically motivated, economically distant groups who are more likely to translate preferences into political action.

Economic crisis behavior exhibits a weak or moderate positive association with voter preferences, but its effect becomes meaningful only once ideological distance is accounted for. This suggests that economic shocks do not independently drive voting behavior; instead, crises amplify existing ideological orientations. Economic distress is politically activated only when filtered through pre-existing belief systems. Trust in political institutions consistently strengthens voter preferences across models. This reinforces a key distinction developed earlier in this paper: **trust**, rather than institutional performance per se, enables programmatic political engagement. Voters who believe the political system is worth engaging are more likely to act on their ideological preferences, even in the presence of governance failures.

*Table 8: Descriptive Statistics of Distance: Median Variable*

	N	Range	Min.	Max.	Mean	Median	Std. D	Var.
Economic Ideology Index	1026	3.51	-2.07	1.43	0.00	-0.029	0.707	0.500
DistMEDianEI	1026	3.51	-2.05	1.46	0.029	0.000	0.707	0.500
DistMxDI	1026	5.54	-1.74	3.8	0.219	0.066	0.525	0.276

*Source: Authors' computations.*

*Table 9: The Empirical test of Median Voter Hypothesis (Economic Ideology Index)*

	B	t	B	t	B	t	B	t
(Constant)	-0.012	-1.077	-0.015	-1.22	-0.014	-1.206	0.015	1.161
DistMEDianEI	0.420	12.85	0.512	14.8	0.505	14.700	0.504	14.916
Economic Crises Behaviour	0.038	1.295	0.128	4.154	0.134	4.331	0.143	4.687
Trust Index	0.132	4.144	0.288	9.054	0.219	5.532	0.201	5.164
Civic Awareness Index	-0.200	-6.199	-0.250	-7.25	-0.247	-7.181	-0.225	-6.606
Democracy Index (DI)					0.084	2.931	0.089	3.186
DistMxDI							-0.134	-5.849
Socio-Ego Index	0.224	10.66	0.234	12.85				
Institutional Performance Index	0.020	1.054						
R <sup>2</sup>	0.619		0.512		0.506		0.575	
F State	330.77		320.62		260.13		229.53	

*Source: Authors' computations.*

The findings show that civic awareness consistently exerts a strong negative effect on political engagement, even within a median-voter framework. This indicates that in Pakistan, greater political knowledge often produces critical disengagement rather than democratic optimism, as informed voters recognize the limits of electoral influence in a system where formal democracy operates

alongside informal power constraints. Sociotropic orientation, by contrast, remains a robust positive determinant of engagement, suggesting that voters motivated by national economic outcomes participate more consistently. This challenges the median-voter assumption of purely self-interested behavior and instead supports a model of collective economic reasoning.

The most novel result arises from incorporating the Democracy Index and its interaction with distance from the median. While stronger democratic norms directly enhance programmatic engagement, the negative interaction effect implies that democratic deepening weakens the influence of economically distant and ideologically intense voters. In low-democracy settings, such actors dominate political influence, but as democratic institutions strengthen, competition becomes more inclusive and the dominance of extremes diminishes. Nonetheless, the effect is only partial, indicating that democratic development mitigates—but does not fully eliminate—the structural biases inherent in hybrid political systems.

When integrated with baseline, gender, and provincial evidence, the results support a coherent theoretical framework. Economic ideas matter across Pakistan, but they do not generate median-voter convergence. Instead, political equilibrium is non-median, shaped by ideological clarity, sociotropic reasoning, and inequality perceptions, while income security and institutional skepticism suppress engagement. Core regions such as Punjab show partial convergence due to deeper democratic integration, whereas peripheral regions like Baluchistan display political resignation rather than median-driven mobilization. Sindh and Khyber Pakhtunkhwa occupy intermediate positions where ideology remains influential but institutional trust is uneven. Democracy plays a conditional role: stronger democratic norms reduce the dominance of economically distant voters but cannot overcome entrenched center-periphery structures, explaining failure of convergence.

#### ***4.4.2. Test of Single-peakedness of Economic Preferences (Nonlinear Analysis)***

The empirical results provide nuanced evidence on the behavioral and institutional conditions under which the Median Voter Hypothesis (MVH) operates within Pakistan's hybrid political regime. The first model, explaining the **single-peakedness of economic preferences**, demonstrates strong explanatory power ( $R^2 = 0.56$ ;  $F = 218.16$ ), indicating that the core behavioral assumption of MVH is itself conditional rather than universal. Economic ideological coherence significantly increases the likelihood of single-peaked preferences, supporting the classical MVH logic. However, the positive and significant quadratic term suggests that ideological extremity introduces non-linearity, implying that strong ideological intensity may destabilize strict preference ordering. Democratic orientation, crisis-driven economic behavior, and institutional trust further reinforce preference convergence, while higher civic awareness significantly undermines single-peakedness, reflecting the emergence of multidimensional and cognitively complex policy evaluations among informed citizens.

The results indicate that single-peakedness in voter preferences is not automatic but emerges conditionally through ideology, institutions, and behavioral context. Economic ideology plays a central role: voters with more coherent and structured economic beliefs are substantially more likely to display single-peaked preferences, consistent with the core intuition of the Median Voter Hypothesis (MVH). However, the presence of a mild nonlinear effect suggests that very strong ideological intensity may reintroduce complexity, as extremism can generate asymmetries or

secondary preference peaks. Democratic orientation also contributes positively, indicating that democratic norms help discipline preference formation, although its limited magnitude highlights that democracy alone is insufficient to secure MVH conditions in hybrid regimes. Economic crises significantly compress preferences toward a common ordering, reflecting crisis-induced convergence driven by realism rather than deep ideological alignment. In contrast, higher civic awareness systematically undermines single-peakedness, implying that informed voters evaluate policies across multiple dimensions, such as institutions, governance, and rights, thereby violating the uni-directionality assumption required by MVH. Trust, by comparison, strengthens single-peakedness by reducing uncertainty and enabling voters to anchor preferences along a dominant economic axis.

Overall, the findings suggest that MVH holds only under restrictive informational and institutional conditions; greater political sophistication and multidimensional reasoning fundamentally weaken its applicability in contemporary Pakistan.

*Table 10: Single-Peakedness of Preferences*

Variables	Coefficients	t
(Constant)	-0.021	-1.349
Economic Ideology Index	0.509	<b>14.817</b>
EII_SQ	0.043	<b>2.058</b>
Democracy Index	0.079	<b>2.787</b>
Economic Crises Behavior	0.128	<b>4.128</b>
Civic Awareness Index	-0.251	<b>-7.281</b>
Trust Index	0.222	<b>5.625</b>
R <sup>2</sup>	0.56	
F	218.164	

*Source: Authors' computations.*

#### **4.4.3. Conditional Median Voter Failure Theory**

The conditional median voter model provides robust evidence that policy convergence in Pakistan operates through a mediated rather than mechanical median voter mechanism. While proximity to the median economic ideology remains a central force shaping political alignment, its effect is fundamentally conditioned by institutional context and voter cognition. The positive association between median proximity and policy convergence confirms that economic ideology continues to structure political competition even within a hybrid regime. However, this influence does not translate into the strict convergence predicted by classical Median Voter Theory.

Democratic orientation enhances responsiveness to median preferences, but crucially, it also attenuates the disciplining effect of distance from the median. The negative interaction between democracy and median distance indicates that democratic deepening weakens the marginal penalty of ideological deviation. Rather than enforcing convergence, democracy expands the feasible policy space through pluralism, coalition bargaining, and institutional mediation. This result directly contradicts the strong MVH prediction that greater democracy necessarily tightens convergence around the median. Instead, democratic quality introduces flexibility, allowing non-median actors to exert influence without immediate electoral sanction.

Economic crises emerge as a powerful compression mechanism, temporarily strengthening median-oriented policy alignment. Under crisis conditions, uncertainty and risk aversion reduce tolerance for ideological dispersion, pushing political actors toward broadly acceptable economic positions. This convergence, however, reflects adaptive pragmatism rather than stable equilibrium behavior. In contrast, civic awareness systematically undermines median convergence by introducing multidimensional policy considerations. Politically informed citizens evaluate policies through lenses extending beyond distributive economics, including governance quality, institutional reform, and rights-based claims, thereby violating the unidimensional preference ordering required for MVH validity.

Institutional trust plays a stabilizing role by facilitating the translation of median preferences into policy outcomes. Trust lowers transaction costs, enhances credibility, and enables incremental adjustment, allowing median influence to operate without rigid convergence. Taken together, these results demonstrate that Pakistan’s political economy exhibits conditional responsiveness rather than median dominance. Median voter influence exists, but it is filtered through ideological structure, democratic pluralism, civic sophistication, crisis dynamics, and institutional credibility—hallmarks of hybrid political regimes.

**Implications for Median Voter Theory in Hybrid Regimes:** Collectively, these findings demonstrate that Pakistan’s political economy does not conform to a strict Median Voter Equilibrium. Median voter influence is conditional, activated by ideological proximity, institutional trust, and crisis pressures, yet systematically constrained by democratic pluralism and civic sophistication. The negative interaction between democracy and median distance provides direct empirical evidence against classical convergence predictions, indicating that democratic deepening moderates rather than enforces median dominance. Hybrid regimes thus generate managed responsiveness instead of pure electoral convergence. This evidence warrants rejection of the strong MVH and supports a Conditional Median Voter Framework that better captures policy formation in politically complex and institutionally uneven democracies.

*Table 11: Conditional Median Voter Hypothesis in a Hybrid Regime*

	B	t
(Constant)	0.015	1.161
DistMEdianEI	0.504	14.916
Democracy Index	0.089	3.186
DistMxDI	-0.134	-5.849
Economic Crises Behaviour	0.143	4.687
Civic Awareness Index	-0.225	-6.606
Trust Index	0.201	5.164
Rsqr	0.575	
F	229.530	

*Source: Authors’ computations.*

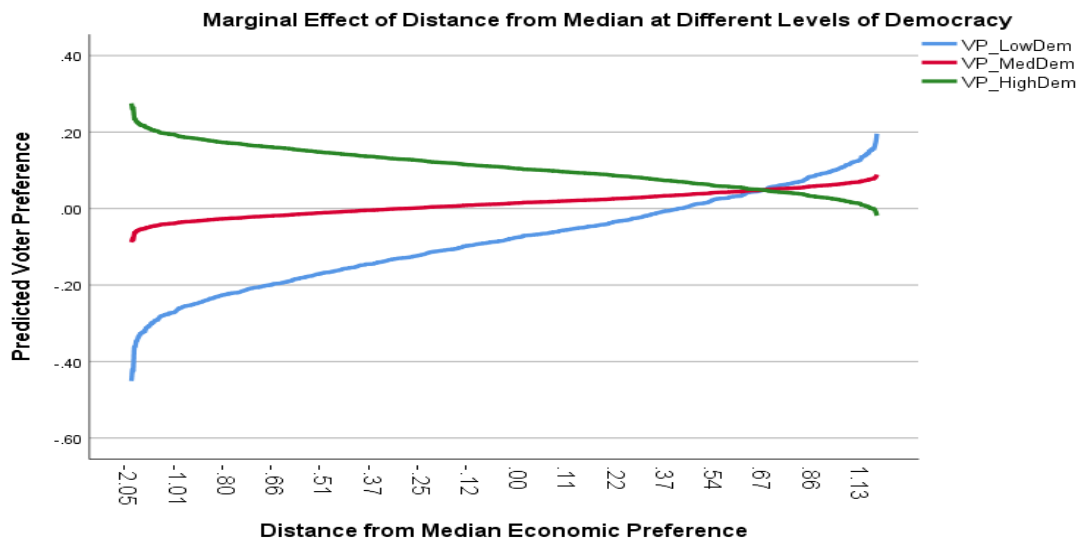
#### **4.4.4. The Marginal Effect Analysis**

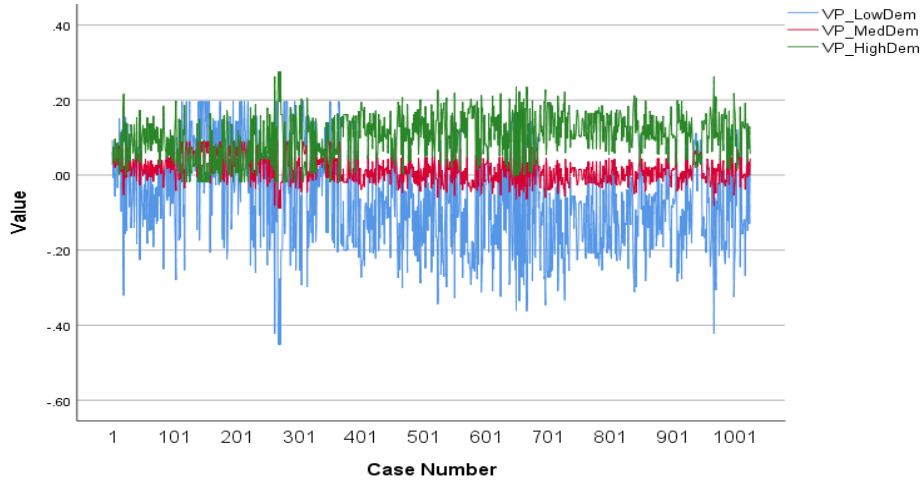
The marginal effects clarify how democratic quality conditions the relationship between distance from the median economic position and voter preferences, offering a precise test of the Conditional

Median Voter Hypothesis. Under low-democracy conditions, the marginal effect of distance from the median is strongly positive, indicating that voter preference intensity increases as individuals move away from the economic center. Political engagement and systematic clarity are therefore concentrated at the ideological extremes, while median voters appear relatively disengaged or pragmatic. This pattern constitutes a clear rejection of the classical Median Voter Hypothesis, as political behavior diverges from, rather than converges toward, the median position. At intermediate levels of democracy, the relationship between distance and voter preferences flattens substantially. Although distance from the median remains relevant, its influence is weakened, suggesting partial democratic moderation. Institutional constraints and competitive norms begin to limit the political advantage of ideologically distant voters, producing a mixed equilibrium characterized by both median accommodation and elite-driven diversity.

At high levels of democracy, the marginal effect of distance from the median becomes weak and eventually negative. In this setting, proximity to the median economic position regains political relevance, indicating that stronger democratic institutions reduce the influence of ideological extremes through pluralism, accountability, and rule-based competition. The crossing of the marginal-effect curves is theoretically decisive, demonstrating that distance from the median is advantageous only under weak democratic constraints and that this advantage erodes as democracy deepens. Overall, the results support a democracy-contingent, conditional median voter framework rather than mechanical median convergence.

Figure 1: Marginal Effect of Distance from Median at different Levels of Democracy





*Source: Authors' computations.*

From this discussion, we have two key takeaways:

1. Political preferences and voting behavior converge toward the median economic position and Median voters appear relatively less influential, more pragmatic, or disengaged, producing a polarized political environment instead of median-centered convergence. Political parties therefore do not systematically converge toward the median voter; instead, mobilize ideological, identity-based, or issue-specific extremes.
2. More ideologically distant voters exhibit stronger, more coherent voting preferences than median voters, indicating that political mobilization in Pakistan is concentrated at the ideological extremes rather than the center.

#### **4.5. Urban Political Economy and Conditional Median Voter Dynamics**

In next step, the Conditional Median Voter Framework is analyzed through the Urban-rural regional division, i.e., between large metropolitan centers (population >1 million) and smaller cities and towns. This spatial disaggregation reveals systematic differences in the structure of voter preferences, highlighting the existence of heterogeneous political equilibrium within Pakistan's urban landscape. The results are presented in table A4 in appendix.

Across both samples, the Economic Ideology Index (EII) remains the most robust and statistically significant determinant of the Voter Preference Index, confirming that economic ideas are central to political preference formation. However, the magnitude of this effect is notably stronger in large cities, indicating that metropolitan voters exhibit more coherent ideological orientations. This suggests that political competition in major urban centers is relatively more policy-driven and aligned with structured economic reasoning. In contrast, smaller cities display a distinct political economy. Income (Y) exerts a negative and statistically significant effect on voter preferences only in smaller cities, implying that economic stratification translates more directly into political differentiation outside metropolitan areas. This pattern is consistent with localized patronage structures and survival-oriented voting behavior, where material conditions shape political engagement more directly.

A critical divergence emerges in the role of institutional trust (TI); insignificant in large cities, positive and highly significant in smaller cities, indicating that political preferences in these regions are

strongly conditioned by perceptions of institutional credibility. This finding highlights that, in non-metropolitan contexts, the translation of voter preferences into political behavior is mediated by trust in governance structures rather than purely ideological considerations.

The Civic Awareness Index (CAI) exhibits a negative and significant relationship with voter preferences in both samples, with a substantially stronger effect in large cities. This supports the argument that higher levels of civic awareness introduce multidimensional policy evaluation, thereby weakening unidimensional economic voting. In urban centers, politically aware voters are more likely to consider governance quality, institutional performance, and policy trade-offs, complicating the aggregation of preferences around a single economic median. Perceptions of inequality (InQI) positively influence voter preferences in both contexts, with a stronger effect in smaller cities. This suggests that inequality is a more salient mobilizing force in non-metropolitan areas, where disparities are more visible and state capacity is limited. The stronger responsiveness to inequality further reinforces the role of distributive concerns in shaping political behavior outside major urban centers.

Other variables, including economic crisis behavior (ECB) and institutional performance (IPI), remain statistically weak, indicating that short-term shocks and abstract institutional assessments do not significantly drive voter preferences in either context.

These findings reveal the presence of a dual urban political economy. Large cities are characterized by ideologically structured and cognitively complex voter behavior, while smaller cities exhibit trust-dependent and inequality-sensitive political dynamics. This spatial heterogeneity provides strong empirical support for the Conditional Median Voter Framework: political convergence toward a median position is neither uniform nor automatic but is conditioned by local institutional environments, informational structures, and socio-economic contexts.

Economic development reshapes how citizens engage with politics. In lower-income, less developed settings, such as smaller cities, individuals remain closely connected to political structures due to reliance on public services, redistribution, and local institutions. In contrast, in more urbanized and prosperous environments, citizens increasingly depend on private economic capacity, leading to a degree of political distancing despite higher civic awareness and ideological sophistication. This explains observed patterns: metropolitan voters are more ideologically structured but less reliant on institutional trust, while smaller-city voters exhibit stronger trust-based political behavior. Importantly, this reflects not democratic disengagement but different participation modes—shifting from material dependence to issue-based evaluation. Consequently, voter preferences may converge on broad concerns like inequality and stability, while diverging across governance and institutional dimensions.

#### **4.6. Between Expertise and Electoral Politics: Technocratic Perceptions of Economic Governance in Pakistan**

Pakistan's economic trajectory has been described by repeated cycles of reform, reversal, and institutional inertia, resulting in low growth, fiscal fragility, and persistent inequality despite many stabilization efforts. In this section, we examine the role of technocrats in Pakistan's economic policymaking by analyzing their perceptions of governance, institutional capacity, and efficiency. Drawing on political economy, it emphasizes how economic ideas shape policy outcomes through their interaction with institutions, and political constraints. In developing contexts, such ideas circulate via international organizations and domestic technocratic networks, yet their policy translation often remains partial. The study is based on a perception survey of technocrats related to

economic decision-making, including economists, bureaucrats, policy advisors, etc. Using purposive sampling, data were collected from 50 respondents through a structured questionnaire capturing views on ideology, governance, democracy, voter behavior, and expertise.

#### 4.6.1. Findings

The study constructed three indices: Economic Ideas and Policy Coherence (EIPCI), Institutional Capacity and Governance Failure (ICGFI), and Technocratic Skepticism of Mass Democracy (TSMDI). The findings reveal that:

1. **Technocrats perceive institutional weakness:** The ICGFI index recorded the highest mean value, indicating strong consensus among technocrats regarding the centrality of governance failures in explaining Pakistan's economic stagnation.
2. **Economic ideas matter, but are inconsistently applied:** Technocrats believe that economic ideas influence political rhetoric, but policymaking lacks coherence and sustainability.
3. **Suspicion toward mass democracy is substantial:** Technocrats express concern about voter understanding of economic trade-offs and the extent to which public pressure constrains rational policymaking.

*Table 12: Descriptive Statistics of Technocratic Perception Indices*

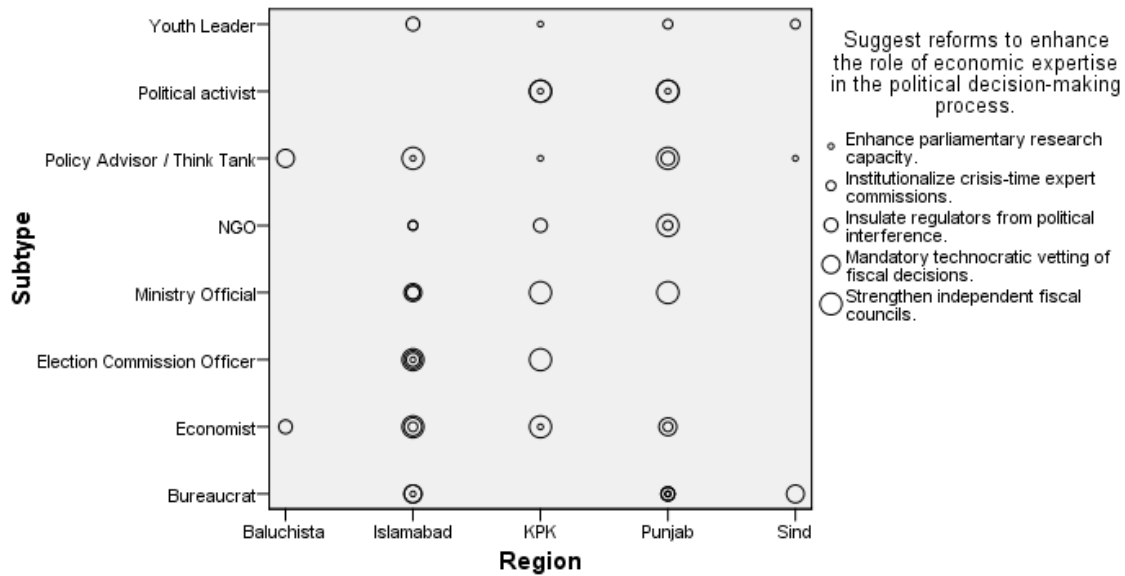
<b>Index</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Economic Ideas and Policy Coherence Index	3.84	0.52	2.5	4.75
Institutional Capacity and Governance Failure Index	4.21	0.47	3	5
Technocratic Skepticism of Mass Democracy Index	4.05	0.56	2.71	5

*Source: Technocratic survey data*

#### 4.6.2. Subgroup Differences

Clear and systematic differences emerge across technocratic subgroups. Core state actors—including senior bureaucrats and ministry officials—report the highest levels of perceived governance failure and express the strongest support for technocratic insulation, reflecting their direct exposure to political interference and implementation constraints. Election management professionals exhibit comparatively lower skepticism toward democratic processes, emphasizing procedural legitimacy while acknowledging institutional weaknesses. Economists display internal heterogeneity: academic economists adopt a more cautious stance toward technocratic dominance, stressing democratic accountability, whereas non-academic and policy-oriented economists are more receptive to expert-led governance, particularly in crisis contexts. Civil society professionals, political activists, and youth leaders show greater normative commitment to democratic participation but nonetheless recognize the limits imposed by weak mediating institutions.

Figure 2: Reforms Priorities by Technocrats



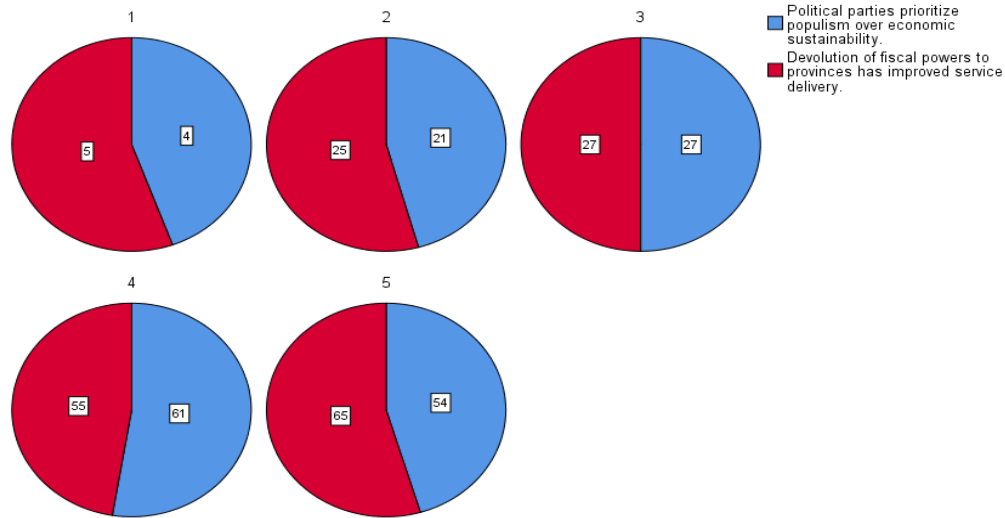
Source: Authors' own calculations based on technocrats survey data

#### 4.6.3. Democracy, Technocracy, and Reform Failure

The findings point to a structural tension between democratic politics and technocratic governance in Pakistan’s reform process. Across subgroups, technocrats do not reject democracy as a normative ideal; rather, they question its policy effectiveness under conditions of institutional fragility, electoral short-termism, and political volatility. Technocratic skepticism thus reflects concern over the translation of popular preferences into coherent economic policy, especially where voter understanding of complex trade-offs is limited and political incentives favor immediate distributive gains over long-term stability. In this context, reform failure is interpreted not as a failure of democracy per se, but as the outcome of weak institutional intermediaries that inadequately discipline political pressures while safeguarding expert judgment.

This study concludes that Pakistan’s persistent reform failures stem not from a lack of expertise or democratic institutions, but from weak mechanisms that integrate the two. The technocratic worldview revealed by the survey is internally coherent: economic ideas are seen as important yet inconsistently applied; institutional fragility and governance failures are viewed as the principal constraints on reform; and democracy is valued normatively but perceived as economically vulnerable under conditions of electoral short-termism and weak intermediary institutions. These perceptions help explain the recurrent reliance on technocratic interventions, external conditionality, and crisis-driven governance arrangements. The findings underscore that the technocracy–democracy relationship is not an ideological trade-off but an institutional

Figure 3: Party Priorities



Source: Authors' own calculations, based on survey data

#### 4.7. Focus Group Discussion

A series of focus group discussions were conducted with diverse participants—including academics, journalists, entrepreneurs, civil servants, civil society agents, and students—from both urban and semi-urban regions of Pakistan. The objective was to examine how evolving economic ideas have shaped political legitimacy, institutional behavior, and citizens’ economic identities. The discussions reflected a better understanding of Pakistan’s historical trajectory—oscillating between state-led and market-oriented models, ideological experimentation under military regimes, the moral economy of Islamic thought, and emerging challenges in an era defined by youth entrepreneurship and digital transformation.<sup>3</sup>

##### 4.7.1. Theme 1: State vs Market — Ideological Shifts and Political Consequences

Participants described Pakistan’s political economy as oscillating between state-led development and market liberalization. One participant argued that Bhutto’s nationalization was not merely economic policy but an ideological claim to political legitimacy, with 1970s socialism justifying redistributive state control over industries and banks as proof that the state guaranteed social justice. Another recalled that this welfare-state ideology lost credibility in the 1980s as inefficiency and rent-seeking came to dominate public enterprises. Privatization under Nawaz Sharif, participants noted, did not arise from liberal conviction but from fiscal crisis and pressure from international institutions. Consequently, markets were framed less as an alternative ideology than as a corrective to political exhaustion. Other participants emphasized that these ideological shifts were driven by power consolidation: promises of socialism translated into jobs and subsidies, while liberalization

<sup>3</sup> The details of the themes and the participants is given below in the appendix 6 of this paper.

meant incentives for political allies. This rigidity reflects competing strategies of legitimacy rather than philosophical disagreement.

#### ***4.7.2. Theme 2: Military-economic Nexus — Strategic Planning or Ideological Governance?***

This discussion highlighted the contentious role of military regimes in Pakistan's economic landscape. Some participants acknowledged their role in macroeconomic stabilization while others criticized them for focusing on control rather than ideology. Ayub Khan's era was described as a selective modernization benefiting military allies, and Musharraf's reforms were seen as neoliberal without institutional democratization, leading to 'developmental authoritarianism.' Furthermore, the reliance on external alliances for growth resulted in domestic capacity issues. This led to cycles of short-term gains and long-term fragility, eroding public trust. An experienced participant noted a growing acceptance of the hybrid political structure in Pakistan as a pragmatic response to governance issues, suggesting that Western democratic models may struggle in this context. This perspective calls for a rethinking of democratic functionality, favoring stability and service delivery over mere procedural adherence to external frameworks.

#### ***4.7.3. Theme 3: Islamic Economic Thought — Moral Economy and Political Mobilization***

This theme stimulated reflection on Pakistan's dual pursuit of economic modernization and Islamic moral legitimacy. Participant 4 explained that "Islamic finance was initially introduced as a moral corrective to Western capitalism," but over time it "became a commercial product rather than an ideological transformation." She emphasized the need to reclaim the ethical dimension of Islamic economics—equity, risk-sharing, and prohibition of exploitation—rather than focusing narrowly on Sharia-compliant contracts. Participant 5 argued that political actors often "use Islamic economic ideas symbolically." For instance, he cited Zia-ul-Haq's Islamization policies as an effort "to legitimize authoritarian rule under a divine mandate," while offering little structural reform to enhance distributive justice. He remarked that, "Without social institutions of zakat, waqf, and cooperative ownership, Islamic slogans remain empty." In contrast, Participant 8 noted that younger generations reinterpret Islamic ethics rationally. "We think of halal entrepreneurship, environmental mechanism, and fair trade as Islamic values," he said. "It's not about ideology anymore—it's about ethics in action." Participant 10 summarized this intergenerational divide: "For the older generation, Islamic financial system was about identity; for the younger, it is about integrity."

#### ***4.7.4. Theme 4: Political Instability and Economic Volatility - Reform and Reversal Cycles***

Participants noted that Pakistan's frequent regime changes hinder the continuity of economic reforms, leading to uncertainty for investors and undermining long-term projects. A cycle of policy discretization occurs as new governments reject predecessors' policies, exemplified by failures in tax reform due to political resistance. Populism ties to economic management, as politicians fear alienating key voter groups through necessary structural reforms. This volatility fosters a sense of 'legitimacy fatigue' among citizens, who lose faith in the system and prioritize survival over consistency. Participant 5 "Every regime wants reform," she said, "but no regime wants to lose its patrons." Participant 3 "Politicians fear that structural reforms—especially in taxation, subsidies, and state enterprises—will alienate key vote banks." Consequently, "economic management is treated as electoral management."

The group proposed institutional safeguards to stabilize policy trajectories, including establishing non-partisan economic councils, strengthening parliamentary committees for fiscal oversight, developing medium-term frameworks for taxation, energy, and education isolated from electoral cycles, and fostering evidence-based policymaking through collaboration. They emphasized that without these measures, Pakistan risks ongoing cycles of reform and reversal, highlighting the need for consistent economic policy direction for long-term development.

#### ***4.7.5. Theme 5: Youth, Informality, and the Reimagining of Economic Citizenship***

The final theme highlights the aspirations and frustrations of Pakistan's youth in the context of digitalization and economic insecurity. Younger participants discussed how social media and gig work facilitate survival and self-expression, with one noting a shift from traditional government jobs to "digital hustle." This shift has led to a lack of trust in conventional political structures, as youth create alternative economies independent of state control. However, these livelihoods are fragile and subject to external influences such as algorithmic trends. Some participants emphasized that informality represents not just economic autonomy, but also a statement of resistance against bureaucracy. Older participants recognized the potential of these informal networks and called for support mechanisms like digital cooperatives to enhance youth-led initiatives without stifling their creativity. Participant 9 added, "Youth no longer trust traditional parties or institutions; they build their own micro-worlds of opportunity." However, she warned of the fragility of such livelihoods—dependent on algorithmic trends, unstable incomes, and limited legal protection.

Participants mostly agreed that Pakistan's economic future must transcend rigid ideological binaries. A rational mixed-economy model was favored, combining targeted state intervention for social inclusion with private-sector leadership in innovation. To ensure transparency and credibility, respondents emphasized independent regulatory bodies, particularly during privatization and public investment cycles. Sustainable reform also requires constitutionally bounded civil-military coordination, transparent fiscal oversight, and clear civilian leadership in economic policymaking to ensure continuity across regimes. Keeping institutional memory was considered important so that successful programs (for example microfinance and export promotion, etc.) continue even when governments change.

Policy discussions highlighted the need to formally recognize informal digital entrepreneurship in national accounts, support youth innovation through funds and tax incentives, promote financial inclusion via digital wallets and Islamic microfinance, and strengthen civic digital literacy. A central paradox emerged: economic reform is vital for stability, yet political instability undermines continuity. Ideological oscillations have failed institution-building, while youth-driven digital economies signal resilience, rebellion, and new forms of citizenship. Key recommendations included multilateral policy frameworks, democratized economic governance, Islamic economic values, youth empowerment, and enhanced civic economic literacy. In essence, the FGD findings suggest that Pakistan's journey toward sustainable political economy requires a new social contract to balancing moral responsibility, institutional integrity, and citizen empowerment. As one of the participant distressingly concluded, "The problem is not that we have too many economic ideas; it is that we never stay with one long enough to let it work."

#### 4.8. Baseline Time-series Analysis

In the light of model discussed in section 3 above, we now present the synthesis of basic analysis of time-series. This study investigates how inequality, regime type, and macroeconomic shocks interact to shape economic growth in Pakistan. The data sources are given in table 6, above. Graphical illustrations of the main variables are provided in appendix. Using ten option with a specific-to general-approach, the analysis introduces cross-terms between inequality and regime type (democracy and authoritarianism), allowing for a clear understanding of how institutional context conditions the growth impact of inequality. The results of basic regression equations are presented in tables 13 and 14, below.<sup>4</sup>

The growth model results show that inequality has a consistently positive and statistically significant effect on real GDP growth across both democratic (D) and authoritarian (A) base models (coefficients: 0.12–0.176). However, regime type significantly conditions this relationship. Democracy (D) alone exerts a negative effect on growth (–1.77), while authoritarianism (A) shows a positive effect (+1.83), suggesting that centralized regimes may facilitate short-term growth more effectively. Interaction terms reinforce this: inequality under democracy reduces growth (Inq×Demo: –0.04 to –0.058), while under authoritarianism it enhances (from+0.04 to +0.06). These findings support institutional theories that link redistributive pressures in democracies to growth constraints, and elite consolidation under authoritarianism to growth acceleration. Macroeconomic controls are as expected. Inflation and exchange rate volatility consistently depress growth (Inflation: –0.08 to –0.15; Exchange rate: –0.72 to –0.81), confirming Pakistan’s sensitivity to price instability and external shocks. Trade openness has a modest positive effect, though not robustly significant. Social spending shows mixed signs, negative under democratic regimes and slightly positive under authoritarian ones, but remains statistically insignificant across models. Overall model fit ranges from  $R^2 = 0.25$  to  $0.36$ , with the strongest specification observed in External Shock model ( $R^2 = 0.36$ ), indicating moderate explanatory power.

The tax revenue model (table 14) reveals that inequality is a consistently strong and statistically significant predictor of tax revenue across all specifications (coefficients ranging from 0.31 to 0.59). This suggests that Pakistan’s fiscal system may be extracting revenue from unequal structures—possibly through indirect taxation or elite capture—without necessarily redistributing wealth. The positive sign indicates that higher inequality correlates with higher revenue, but this may reflect regressive mechanisms rather than progressive reform. Regime type plays a decisive role. Democratic regimes show a robust positive effect on tax revenue (1.70 to 4.57), while authoritarian regimes exert a negative influence (–1.99 to –2.24). This implies that democratic institutions, despite their inefficiencies, are more effective at mobilizing revenue—likely due to broader accountability, public trust, and participatory legitimacy. Social spending emerges as the most powerful fiscal lever. This supports the theory of fiscal reciprocity: citizens are more willing to comply with taxation when

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<sup>4</sup> After applying unit root tests we have applied simple regression analysis on this model that can be further used for simulation based solutions. This approach may be justified for now because our both dependent variables are stationary at level – the use of ARDL and other cointegration techniques is ruled out.

they perceive tangible welfare benefits. pilot survey reinforces this, with Education and health, ranked highest in budget priorities.

Macroeconomic variables such as inflation, exchange rate, and trade openness show weak or inconsistent effects on tax revenue. Their coefficients are small and statistically insignificant, suggesting that structural political factors outweigh short-term economic shocks in determining fiscal outcomes. Model fit improves progressively, with R<sup>2</sup> values rising from 0.26 in base models to 0.63 in full specifications. This indicates that adding institutional and social variables significantly enhances explanatory power.

Table 13: Growth Model (Dependent Variable: Growth rate of Real GDP)

Variables	1	2	3	4	5	6	7	8	9	10
	Base D	Base A	External Shock D	External Shock A	Trade Model D	Trade Model A	Social Spending D	Social Spending A	Inflation D	Inflation A
Inequality	<b>0.176</b> <b>(0.012)</b>	<b>0.12</b> <b>(0.01)</b>								
Democracy	<b>-1.77</b> <b>(0.531)</b>									
Authoritarian		<b>1.83</b> <b>(0.58)</b>								
Inq*demo			<b>-0.04</b> <b>(0.01)</b>		<b>-0.06</b> <b>(0.01)</b>		<b>-0.05</b> <b>(0.02)</b>		<b>-0.058</b> <b>(0.02)</b>	
Inq*auth				<b>0.04</b> <b>(0.02)</b>		<b>0.057</b> <b>(0.02)</b>		<b>0.053</b> <b>(0.01)</b>		0.06 (0.18)
Social Spending							-.047 (0.75)	-0.44 (0.71)	0.34 (0.64)	0.30 (0.62)
Exchange rate			<b>-0.81</b> <b>(0.31)</b>	<b>-0.72</b> <b>(0.32)</b>						
Inflation			<b>-0.08</b> <b>(0.05)</b>	<b>-0.08</b> <b>(0.05)</b>	<b>-0.14</b> <b>(0.06)</b>	<b>-0.13</b> <b>(0.06)</b>	<b>-0.15</b> <b>(0.06)</b>	<b>-0.14</b> <b>(0.06)</b>	-0.01 (0.06)	<b>-0.11</b> <b>(0.06)</b>
Trade					<b>0.14</b> <b>(0.07)</b>	<b>0.122</b> <b>(0.7)</b>	<b>0.16</b> <b>(0.08)</b>	<b>0.15</b> <b>(0.08)</b>		
C			<b>9.14</b> <b>(1.11)</b>	<b>7.5</b> <b>(1.42)</b>	2.8 (2.06)	1.31 (2.07)	3.33 (2.26)	1.93 (2.33)	<b>5.65</b> <b>(1.98)</b>	<b>3.79</b> <b>(2.13)</b>
R <sup>2</sup>	<b>0.3</b>	<b>0.28</b>	<b>0.35</b>	<b>0.36</b>	<b>0.31</b>	<b>0.33</b>	<b>0.32</b>	<b>0.34</b>	<b>0.25</b>	<b>0.3</b>

Note: Standard Errors terms in parentheses. All bold-form coefficients are statistically significant at least at 10% level of significance.

Source: Authors' computations.

Table 14: Tax Revenue Model (Dependent Variable: Tax Revenue as Percentage of GDP)

Variables	1	2	3	4	5	6	7	8	9	10
	Base D	Base A	External Shock D	External Shock A	Trade Model D	Trade Model A	Social Spending D	Social Spending A	Complete D	Complete A
Inequality	<b>0.31</b> <b>(0.02)</b>	<b>0.36</b> <b>(0.01)</b>	<b>0.40</b> <b>(0.20)</b>	<b>0.59</b> <b>(0.12)</b>	<b>0.44</b> <b>(0.13)</b>	<b>0.44</b> <b>(0.13)</b>	<b>0.33</b> <b>(0.1)</b>	<b>0.33</b> <b>(0.1)</b>	<b>0.35</b> <b>(0.11)</b>	<b>0.35</b> <b>(0.11)</b>
Democracy	<b>1.70</b> <b>(0.64)</b>		<b>4.57</b> <b>(1.53)</b>		<b>1.99</b> <b>(0.77)</b>		0.53 (0.69)		0.92 (0.70)	
Authoritarian		<b>-1.99</b> <b>(0.69)</b>		<b>-2.24</b> <b>(0.74)</b>		<b>-1.99</b> <b>(0.77)</b>		-0.53 (0.69)		-0.92 (0.70)

Growth									<b>0.25</b> <b>(0.15)</b>	<b>0.25</b> <b>(0.15)</b>
Social Spending							<b>3.26</b> <b>(0.64)</b>	<b>3.26</b> <b>(0.64)</b>	<b>3.5</b> <b>(0.75)</b>	<b>3.5</b> <b>(0.75)</b>
Exchange rate			<b>0.10</b> <b>(0.07)</b>	<b>0.07</b> <b>(0.04)</b>					0.04 (0.03)	0.04 (0.03)
Inflation			0.16 (0.15)	-0.04 (0.09)	0.002 (0.07)	0.002 (0.07)	0.07 (0.05)	0.07 (0.05)	0.07 (0.09)	0.07 (0.09)
Trade					0.11 (0.09)	0.11 (0.09)			-0.08 (0.09)	-0.08 (0.09)
C			<b>-14.47</b> <b>(7.12)</b>	<b>-7.24</b> <b>(4.01)</b>	<b>-8.17</b> <b>(4.28)</b>	<b>-6.18</b> <b>(4.06)</b>	<b>-10.52</b> <b>(3.47)</b>	<b>-9.9</b> <b>(3.35)</b>	<b>-11.1</b> <b>(3.49)</b>	<b>-10.2</b> <b>(3.49)</b>
R <sup>2</sup>	<b>0.26</b>	<b>0.28</b>	<b>0.32</b>	<b>0.36</b>	<b>0.33</b>	<b>0.33</b>	<b>0.56</b>	<b>0.56</b>	<b>0.63</b>	<b>0.63</b>

*Note: Standard Errors in parentheses. All bold-form coefficients are statistically significant at least at 10% level of significance.*

*Source: Authors' computations.*

## CONCLUSIONS

This study set out to examine the role of economic ideas in shaping Pakistan’s political history and contemporary voting behavior by integrating historical analysis, time-series evidence, large-scale survey data, technocratic perceptions, and qualitative insights from focus group discussions. Across these multiple empirical layers, a consistent pattern emerges: Pakistan’s political economy does not conform to the classical Median Voter Hypothesis (MVH). Instead, political outcomes are shaped through a conditional, institutionally mediated, and ideologically asymmetric process.

Historically, economic policymaking in Pakistan has been dominated by elite-driven paradigms—alternating between state-led, market-oriented, and crisis-stabilization regimes—rather than bottom-up electoral convergence. Time-series evidence confirms that shifts between democratic and authoritarian regimes influence macroeconomic outcomes, but not through stable median voter channels. Democratic episodes improve responsiveness and accountability, yet they do not generate sustained convergence toward median economic preferences, largely due to institutional fragility, elite capture, and uneven civic development.

Survey-based evidence reinforces this conclusion. Voter preferences are not single-peaked around a median economic position; instead, politically salient preferences are concentrated at the ideological tails. Voters distant from the median exhibit stronger, more coherent, and more programmatic political preferences, while median voters tend to be disengaged, or accommodative. Economic crises temporarily compress preferences toward the center, but this convergence is short-lived and reactive. Civic awareness, rather than reinforcing median logic, systematically fragments preferences by introducing multidimensional policy considerations beyond pure economic trade-offs. As individuals become more economically prosperous, their engagement with political systems shifts. Those with lower prosperity are more reliant on political structures for their basic needs, leading to heightened political participation based on material interests. Conversely, as prosperity increases, individuals may feel less compelled to engage politically, favoring private solutions over collective action, despite possessing greater cognitive abilities and policy awareness. This dynamic creates a diverse political landscape, where democratic participation varies by economic background, necessitating inclusive and differentiated policy approaches to ensure democratic stability.

The Conditional Median Voter Hypothesis developed in this study provides a more accurate framework for understanding Pakistan’s hybrid political regime. Median voter influence exists, but it is activated only under specific conditions—ideological coherence, institutional trust, crisis pressure, and sufficient democratic quality. Though, it is weakened by pluralism, civic complexity, and coalition politics. Democratic deepening moderates ideological polarization but does not mechanically enforce median convergence.

Table 15: Hypothesis Testing Framework and Empirical Outcomes

Hypothesis	Research Question	Data Source/ Method	Empirical Outcome
H1: Economic ideas significantly shape voter preferences and political engagement in Pakistan.	Q 1	Nationwide voter and technocratic survey; regression analysis	<b>Supported.</b>
H2: Civic awareness and ideological sophistication weaken simple median voter convergence by introducing multidimensional policy evaluation.	Q 2	Survey data analysis using Civic Awareness Index (CAI) and related institutional variables in voter preference regressions.	<b>Supported.</b>
H3: Political competition in Pakistan does not converge toward a classical median voter equilibrium but instead reflects conditional median dynamics	Q3	Survey analysis of voter preferences combined with institutional trust indicators and ideological positioning measures.	<b>Classical MVH Rejected; Conditional MVH Supported.</b> (Median convergence is conditional on institutional trust and governance credibility.)
H4: The relationship between inequality and economic growth is conditional on political regime type.	Q 4	Time-series econometric models: inequality measures, regime type indicators, and growth regressions.	<b>Supported.</b>
H5: Inequality and regime type jointly influence fiscal capacity and tax revenue mobilization.	Q 4	Time-series analysis of tax-to-GDP ratios using inequality indicators and regime type variables.	<b>Supported.</b>

## **RECOMMENDATIONS /POLICY IMPLICATIONS**

From a policy perspective, these findings explain why national reforms often fail to generate uniform political support across provinces and social groups. Reform resistance is not merely distributive; it reflects divergent ideological structures, trust deficits, and region-specific political economies. Effective reform therefore requires context-sensitive, institution-building strategies rather than one-size-fits-all economic packages. These findings indicate that effective policy design in Pakistan should not be a uniform approach to voter engagement. As economic development advances, some population segments may shift from traditional political tactics to valuing credible governance and long-term policy consistency. Reform strategies must cater to the material needs of lower-income areas while engaging with wealthier, more informed voters through transparency and institutional quality. Acknowledging this shift is crucial for maintaining democratic participation and preventing disconnection of any societal segment from the policy process.

This foregoing analysis and discussion brings a host of policy implications; including

1. Target reform coalitions, not median voters: Design policies around organized ideological groups, and civic intermediaries rather than assuming median voter responsiveness.
2. Establish institutional credibility prior to implementing fiscal adjustment or structural reforms (Trust is a Precondition)
3. Use crisis periods to implement rule-based mechanisms that lock in reforms and prevent reversals.
4. Focus on managing diverse political interests rather than forcing policy convergence under democracy; because reform success depends on overall management, not median chasing
5. Pair information campaigns with strong service delivery to avoid resistance from informed citizens.
6. Customize reforms to provincial political economies to minimize regional backlash.
7. Integrate expert-driven policy design with democratic legitimacy to enhance reform effectiveness.
8. Promote skills development, entrepreneurship, and remove structural barriers to harness youth potential.
9. Differentiated reform strategies by prioritizing service delivery and redistribution in lower-income regions, while strengthening institutional quality, transparency, and governance in advanced areas to sustain engagement and prevent political disconnection. That is, people with higher income level alienate from the political system, the reforms should target them.
10. Design dual-track reforms: strengthen service delivery and trust in smaller cities while promoting transparent, rule-based, policy-driven governance in metropolitan areas to sustain engagement, reduce polarization, and enhance inclusive democratic responsiveness.

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## APPENDICES

### Appendix 1: Introductory and Methodological

**A1 Table 1: Dimensions**

Survey Dimension	Type
Economic ideology preference	Categorical/Scale
Policy orientation	Likert Scale
Populist sentiment	Likert Scale
Economic Behaviour	Likert Scale
Voting history/intention	Categorical

**A1 Table 2: Core Ideas**

Theory	Core Idea to Test	How to Test
<b>Median Voter Theorem</b>	Parties converge on the preferences of the median voter to win elections.	Compare policy alignment of parties with voter preference distributions.
<b>Public Choice Theory</b>	Political behavior is driven by self-interest and rational expectations.	Examine if voters choose parties based on material benefits or ideological commitment.
<b>Populist Theory</b>	Economic discontent and elite distrust fuel support for populist platforms.	Measure populist attitudes & economic dissatisfaction scores.
<b>Sociotropic Voting</b>	Voters judge parties based on national economic conditions.	Include perceptions of national economy (vs. personal economy).

**A1 Table 3: Sampling**

Province / Territory	Population	Sample Size
Punjab	127,688,922	396
Sindh	55,696,147	294
Khyber Pakhtunkhwa (KP)	40,856,097	252
Balochistan	14,894,402	51
Islamabad Capital Territory	2,363,863	28
<b>Total</b>	<b>241,499,431</b>	<b>1,026</b>

**A1 Table 4: Main Time-series variables**

Concept	Proxy Variable	Source
Capital tax rate	Effective tax rates on corporate profits, property taxes, etc. Due to incomplete series on CTR, the tax revenue to GDP ratio is used for this initial analysis	WDI (World Bank)
Growth rate	Real GDP growth	WDI (World Bank)
Inequality	Gini coefficient. The omitted values are filled from WIID's estimated inequality dataset (UNU-WIDER) <a href="https://www.wider.unu.edu/database/world-income-inequality-database-wiid">https://www.wider.unu.edu/database/world-income-inequality-database-wiid</a>	World Bank, UNU-WIDER
Regime type	Dummy variable (i) DD 1 = Democracy, 0 = Dictatorship (ii) DA 1 = Dictatorship, 0 = Democracy	Historical regime data (years)
Redistribution	Social spending as % of GDP, (Sum of Health and Education budgets ratio with GDP)	WDI (World Bank)
Trade Openness	Exports plus imports as percentage of GDP	WDI (World Bank)
Exchange Rate	Rs/USD End of Period	IFS (IMF)

Sample: Technocratic Survey		
Category	Examples	No.
Political Activists	Chairmen UCs, Agents, spekes persons, etc.	6
Economists	Academia, Policy makers	8
Policy Makers	Various Places	7
Bureaucrats	Different civil servants	10
Civil Society	NGOs, Media, Religious Leaders	5
Ministry & ECP Officials	Various Ministries	10
Youth	Students union leaders, Young non-elected political leaders	4

Note: Semi-structured survey was conducted from 50 Technocrats/experts are being interviewed. These data are collected by PI, CO-PI and Research Associate in-person interviews from Islamabad, Peshawar and Lahore, whereas through online interviews/through peers in Karachi and Queta.

## Appendix 2: Historical and Manifestoes Analysis

<b>A2-Table 1: Reform Areas That Could Have Been More Effective</b>			
<b>Reform Domain</b>	<b>What Was Attempted</b>	<b>Why It Fell Short</b>	<b>What Could Have Worked Better</b>
<b>Taxation &amp; Fiscal Policy</b>	Broadening tax base, amnesty schemes	Elite exemptions, weak enforcement, regressive structures	Progressive taxation, digital audit trails, sunset clauses on amnesties
<b>Privatization</b>	Sale of SOEs (1990s, 2000s)	Asset undervaluation, insider deals, lack of regulatory oversight	Transparent bidding, post-sale performance audits, citizen oversight
<b>Devolution &amp; Local Governance</b>	2001 LG Ordinance, 18th Amendment	Elite capture at local level, weak fiscal autonomy	Fiscal federalism with performance-linked transfers, citizen budgeting
<b>Land Reforms</b>	Bhutto-era land ceilings	Loopholes, political backlash, poor enforcement	Digitized land records, market-based redistribution, land value taxation
<b>Judicial &amp; Bureaucratic Reform</b>	Civil service restructuring, judicial activism	Politicization, lack of meritocracy, rent-seeking	Performance-linked promotions, independent commissions
<b>Social Protection</b>	BISP, Ehsaas	Targeting errors, elite gatekeeping	Community-driven targeting, grievance redressal systems, digital ID integration
<b>Electoral Finance Reform</b>	Campaign finance limits	No enforcement, opaque funding channels	Real-time disclosure platforms, spending caps with audit trails
<b>Donor-Driven Development</b>	CDD projects, NGO-led initiatives	Co-optation by local elites, symbolic participation	Participatory planning with veto power for marginalized groups

<b>A2-Table2: Reform Scoring Model: Evaluating Policy Proposals in Pakistan</b>		
<b>Dimension</b>	<b>Description</b>	<b>Sample Indicators</b>
<b>Institutional Resilience</b>	Does the reform strengthen inclusive, rule-based institutions?	Autonomy of regulators, judicial independence, merit-based recruitment
<b>Elite Disruption</b>	Does it reduce elite capture or redistribute power/resources?	Reduction in exemptions, cartel dismantling, land record transparency
<b>Voter Responsiveness</b>	Does it align with citizen preferences and improve political accountability?	Voter turnout impact, grievance redressal, participatory budgeting
<b>Fiscal Sustainability</b>	Is it economically viable and resistant to rent-seeking?	Cost-benefit ratio, leakage risk, long-term revenue impact
<b>Implementation Feasibility</b>	Can it be realistically executed given current capacity and incentives?	Bureaucratic capacity, political coalition support, donor alignment
<b>Equity &amp; Inclusion</b>	Does it benefit marginalized groups and reduce inequality?	Gini impact, gender targeting, rural outreach

**A2-Table 3 : Historical Reform Failures: Rooted in Resistance & Institutional Fragility**

Reform Attempt	Why It Failed	Key Actors of Resistance	Institutional Weaknesses
Land Reforms (1959, 1972)	Loopholes exploited; political backlash; poor enforcement	Feudal elites, landed politicians	Weak land records, lack of judicial support
Tax Reform & Amnesty Schemes	Exemptions preserved; amnesties rewarded evasion	Top 1% earners, traders, exporters	FBR politicization, poor audit capacity
Privatization (1990s-2000s)	Asset undervaluation; insider deals; lack of transparency	Bureaucratic-industrial nexus	Weak regulatory oversight, no post-sale audits
Local Government Empowerment	Elite capture at local level; fiscal dependence on provinces	Local notables, provincial politicians	No fiscal autonomy, politicized appointments
Judicial Reform	Politicization of appointments; lack of performance metrics	Political parties, bar councils	No independent oversight, weak incentives
Subsidy Rationalization	Populist backlash; elite lobbying for retention	Exporters, industrial cartels	No targeting mechanism, weak data systems

Sources: Literature review such as Zulfiqar & Moosvi, 2022; UNDP, 2020; Gallup Pakistan voter trends (2013-2018)

**A2-Table 4: Comparative Table of Political Manifestos (Pakistan 2008- 2024)**

Category	PML-N Manifesto	PTI Manifesto	PPP Manifesto
<b>Core Ideology</b>	Developmental nationalism,	Islamic welfare state, populist reformism	Progressive democracy, inclusive
<b>Economic Vision</b>	Export-led growth, privatization, tax reform	Export-driven, SME support, digital economy, tax overhaul	Industrial modernization, equitable growth, job creation
<b>Social Welfare Commitments</b>	Poverty reduction, health insurance, education subsidies	Universal social protection, Ehsaas expansion, housing for all	Targeted subsidies, youth empowerment, rural uplift
<b>Education &amp; Health Policies</b>	Danish schools, universal primary education, tertiary healthcare	Sehat cards, digital health records, STEAM education, teacher reform	Curriculum reform, vocational training, health equity
<b>Governance &amp; Reform Agenda</b>	Judicial reform, civil service restructuring, governance	Abolition of DC/AC roles, local government empowerment, bureaucratic overhaul	Decentralization, transparency, anti-corruption measures

<b>Foreign Stance</b>	<b>Policy</b>	Pro-CPEC, cautious engagement, support for Palestine & Kashmir	India for	“Pakistan First,” trade diplomacy, Islamic solidarity	Peaceful coexistence, regional integration, global partnerships
<b>Religious/Cultural Position</b>		Interfaith harmony, minority rights, heritage promotion		Medina model, Islamic values, Seerat-ul-Nabi in curriculum	Cultural preservation, religious tolerance, inclusive identity
<b>Populist Appeals</b>		Nawaz Sharif’s legacy, stability, infrastructure success		Imran Khan’s leadership, anti-elite rhetoric, justice narrative	Youth-centric, reformist tone, national renewal
<b>Use of Data &amp; Evidence</b>		Performance metrics, historical comparisons		Extensive policy detail, KPIs, fiscal targets	Sectoral benchmarks, impact projections
<b>Inclusivity &amp; Representation</b>		Gender empowerment, youth programs, minority rights		25% quota for women, youth councils, disability inclusion	Gender parity, regional equity, marginalized voices
<b>Tone &amp; Rhetoric</b>		Aspirational, patriotic, reformist		Revolutionary, justice-driven, emotionally charged	Visionary, inclusive, technocratic

### Appendix 3

A3 Table 1: Pearson Correlation												
Variable	Age	Y	VPI	EII	SECI	TI	CAI	ECB	InQI	IPI	PPI	DI
Age	1											
Y	.123**	1										
VPI	.151**	-.066*	1									
EII	.152**	.084**	.615**	1								
SECI	.248**	-.072*	.715**	.513**	1							
TI	.239**	-0.04	.636**	.498**	.754**	1						
CAI	.216**	.087**	.489**	.862**	.455**	.520**	1					
ECB	.209**	-.09**	.614**	.485**	.727**	.828**	.453**	1				
InQI	-.13**	<b>-0.026</b>	.308**	.064*	.300**	.296**	0.026	.310**	1			
IPI	.279**	<b>0.029</b>	.602**	.436**	.780**	.718**	.396**	.642**	.328**	1		
PPI	-.13**	<b>0.002</b>	<b>-0.001</b>	<b>-0.003</b>	<b>-0.027</b>	.062*	<b>-0.013</b>	0.048*	.303**	<b>0.032</b>	1	
DI	.278**	<b>-0.020</b>	.561**	.438**	.718**	.802**	.441**	.650**	.211**	.722**	0.049	1

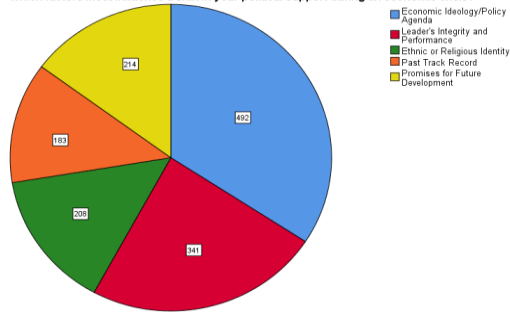
A3 Table 2: Nonparametric Correlations												
	Age	Y	VPI	EII	SECI	TI	CAI	ECB	InQI	IPI	PPI	DI
Age	1											

Y	.154**	1										
VPI	.167**	-.065*	1									
EII	.160**	.070*	.611**	1								
SECI	.257**	-.070*	.686**	.507**	1							
TI	.215**	-.048	.639**	.492**	.730**	1						
CAI	.202**	.070*	.497**	.871**	.460**	.505**	1					
ECB	.203**	-.094**	.612**	.476**	.712**	.810**	.452**	1				
InQI	-.092**	-0.035	.272**	0.059	.254**	.286**	<b>0.031</b>	.291**	1			
IPI	.305**	0.038	.579**	.430**	.769**	.682**	.401**	.609**	.288**	1		
PPI	<b>-0.049</b>	<b>0.004</b>	<b>0.023</b>	<b>0.020</b>	<b>-0.032</b>	<b>0.046</b>	<b>0.019</b>	<b>0.024</b>	.226**	<b>0.011</b>	1	
DI	.265**	<b>-0.018</b>	.566**	.442**	.694**	.772**	.435**	.618**	.209**	.687**	<b>0.027</b>	1

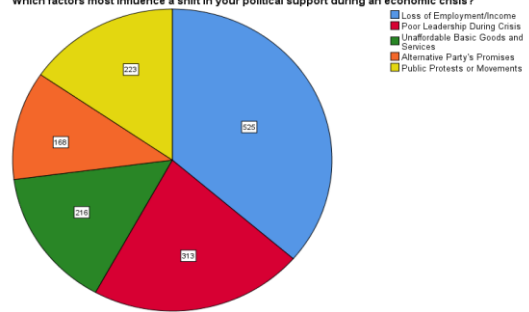
<b>A3 Table 3: Partial Correlation</b>											
	Age	Y	VPI	SECI	TI	CAI	ECB	InQI	IPI	PPI	DI
Age	1										
Y	0.112	1									
VPI	0.074	-0.150	1								
SECI	0.201	-0.134	0.590	1							
TI	0.191	-0.092	0.482	0.670	1						
CAI	0.170	<b>0.029</b>	-0.104	<b>0.030</b>	0.206	1					
ECB	0.157	-0.149	0.458	0.637	0.773	0.080	1				
InQI	-0.142	<b>-0.032</b>	0.341	0.312	0.306	-0.058	0.320	1			
IPI	0.239	<b>-0.008</b>	0.471	0.720	0.641	<b>0.045</b>	0.547	0.334	1		
PPI	-0.135	<b>0.002</b>	<b>0.001</b>	<b>-0.030</b>	0.073	<b>-0.020</b>	0.056	0.303	<b>0.037</b>	1	
DI	0.238	-0.064	0.411	0.639	0.749	0.139	0.556	0.204	0.656	0.056	1

## Appendix 4: Reforms and Preferences

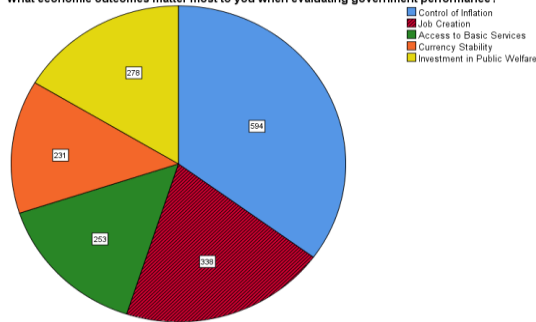
Which factors most influence a shift in your political support during an economic crisis?



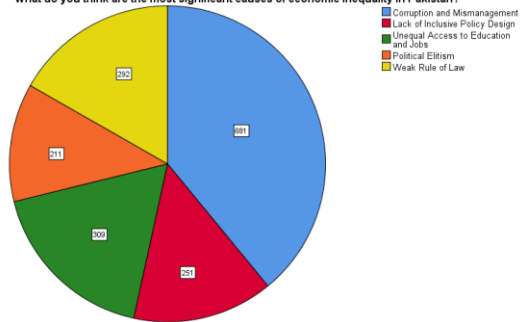
Which factors most influence a shift in your political support during an economic crisis?



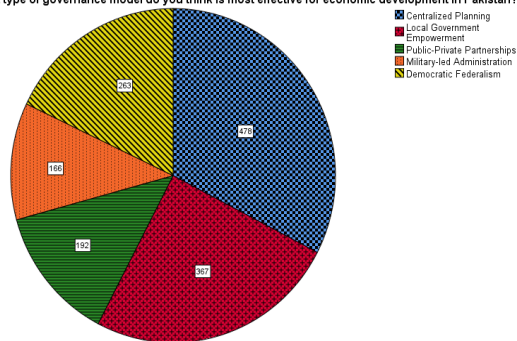
What economic outcomes matter most to you when evaluating government performance?



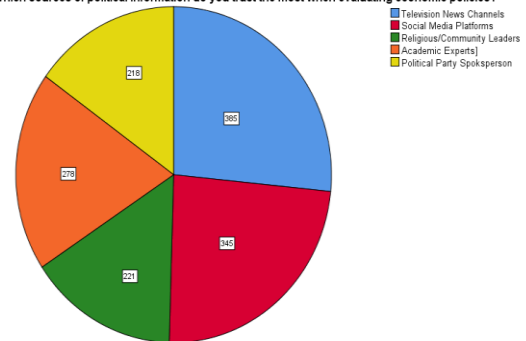
What do you think are the most significant causes of economic inequality in Pakistan?

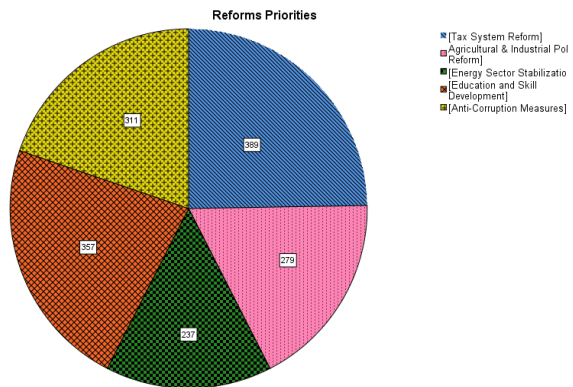


What type of governance model do you think is most effective for economic development in Pakistan?



Which sources of political information do you trust the most when evaluating economic policies?





*Source: Authors' own calculations based on survey data*

Variable	Big Cities	Small Cities	Full Sample
(Constant)	-0.021 (-0.5)	<b>0.164</b> (3.97)	<b>0.08</b> (2.60)
Y	0.04 (0.335)	<b>-0.54</b> (-3.8)	<b>-0.03</b> (-2.81)
EII	<b>0.463</b> (10.57)	<b>0.375</b> (8.044)	<b>0.43</b> (13.27)
SECI	<b>0.233</b> (8.04)	<b>0.173</b> (5.74)	<b>0.21</b> (9.84)
TI	0.03 (0.67)	<b>0.208</b> (4.45)	<b>0.13</b> (3.77)
CAI	<b>-0.246</b> (-5.78)	<b>-0.104</b> (-2.2)	<b>-0.18</b> (-5.65)
ECB	0.037 (0.95)	0.01 (0.24)	0.02 (0.51)
InQI	<b>0.097</b> (3.4)	<b>0.145</b> (4.27)	<b>0.13</b> (5.79)
IPI	0.04 (1.6)	-0.003 (-0.09)	0.01 (0.74)
PPI	<b>-0.057</b> (-2.59)	-0.11 (-0.46)	<b>-0.03</b> (-2.06)
Rsq	0.66	0.62	0.63
F	105.6	91.6	195.32

N	515	509	1025
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## Appendix 5: Focus Group Discussion Details

### Focus Group Discussion I-1

**Theme:** *Economic Ideas and Political History of Pakistan*

**Location:** Lahore (Friday, October 3, 2025)

**Duration:** 2 hours (2:30 PM -4:30 PM)

**Participants:** 06 (Names and contact Information is available with corresponding author)

*Notes:* One meeting was planned in Lahore on 4<sup>th</sup> October, but due to availability of some of the contact participants, this discussion was completed in two phases, with 6 and 5 participants respectively. The participants were from different professions and educational backgrounds.

Moderator Role: Facilitate thematic flow, ensure balanced participation, and synthesize insights

#### Agenda

Time (Minutes)	Segment	Description
5	Welcome & Objectives	Moderator introduces the session, outlines goals, and sets ground rules for respectful dialogue
15	Icebreaker Round	Each participant shares one economic or political turning point they believe shaped Pakistan's trajectory
20	Theme 1: State vs Market	Explore shifts from nationalization to privatization, and the ideological roots of these transitions
20	Theme 2: Military & Economic Planning	Discuss how military regimes influenced economic priorities and institutional frameworks
20	Theme 3: Islamic Economic Thought/ Moral Economy	Debate the role of Islamic principles in shaping fiscal policy, banking, and welfare systems
15	Theme 4: Political Instability & Economic Volatility	Reflect on how regime changes, patronage, and governance crises affect economic continuity
15	Open Floor: Youth, Informality & Future Ideas	Invite participants to share emerging economic narratives, especially from younger or marginalized voices
10	Summary & Conclusions	Moderator summarizes key points and invites participants to suggest follow-up actions or research directions

#### Theme 1: State vs Market—Ideological Shifts and Political Consequences

How did economic ideologies (socialism, liberalism, mixed economy) shape political legitimacy and regime narratives? (examples: Bhutto's nationalization vs Nawaz Sharif's privatization)

What were the political costs and benefits of these shifts?

#### Theme 2: Military-Economic Nexus—Strategic Planning or Ideological Governance?

Did military regimes adopt economic models based on ideology or control?

How did these models affect political institutions and public trust?

**Theme 3: Islamic Economic Thought—Moral Economy and Political Mobilization**

Role Islamic banking, and welfare framing in political discourse

How have religious parties and state actors used Islamic economic ideas to gain legitimacy?

Tensions between moral economy and global capitalist norms

**Theme 4: Political Instability and Economic Volatility—Cycles of Reform and Reversal**

How have regime changes disrupted economic reform continuity? Patronage, populism, and elite capture in economic policymaking

What institutional safeguards could stabilize reform trajectories?

**Theme 5: Youth, Informality, and the Reimagining of Economic Citizenship**

How do younger generations challenge traditional economic ideas? Rise of digital economy, and informal entrepreneurship

What are the political implications of informal economic empowerment?

**Focus Group Discussion I-2**

Theme: *Economic Ideas and Political History of Pakistan*  
Location: Lahore (Saturday, October 4, 2025)  
Duration: 1.5 hours (4:00 PM - 5:30 PM)  
Participants: 5 (Names and contact information is available with corresponding author)

**Focus Group Discussion 2**

Theme: *Economic Ideas and Political History of Pakistan*  
Location: Islamabad (Thursday, October 30, 2025)  
Duration: 2 hours (3:00 PM - 5:30 PM)  
Participants: 7 (Names and contact information is available with corresponding author)

**Agenda**

**Theme 1: State vs Market—Ideological Shifts and Political Consequences**

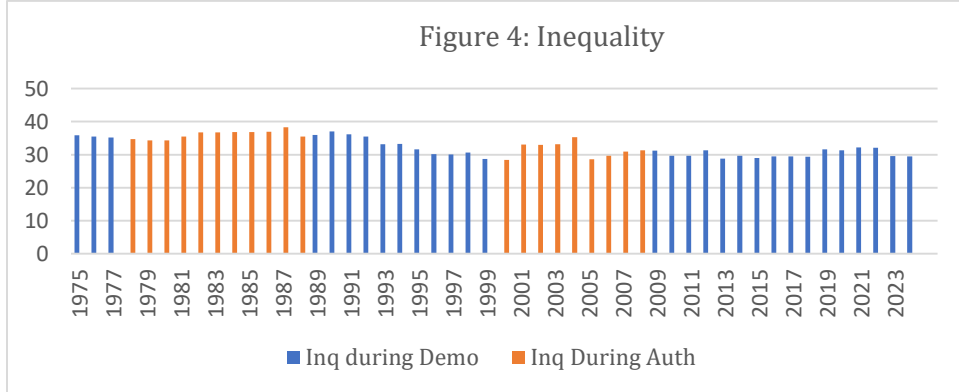
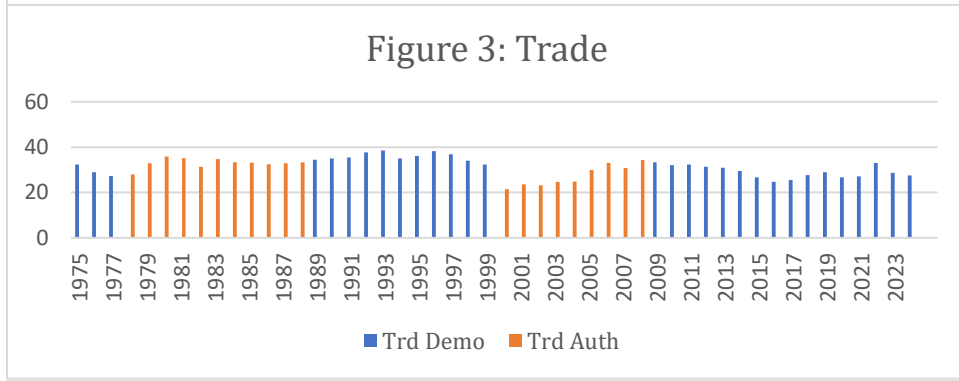
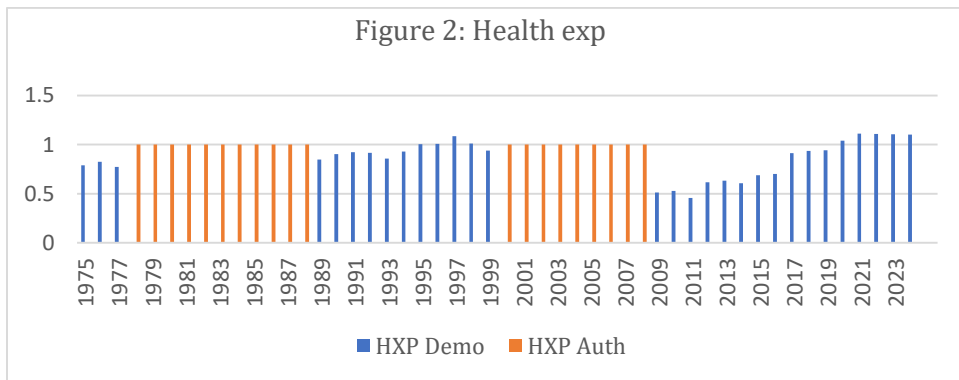
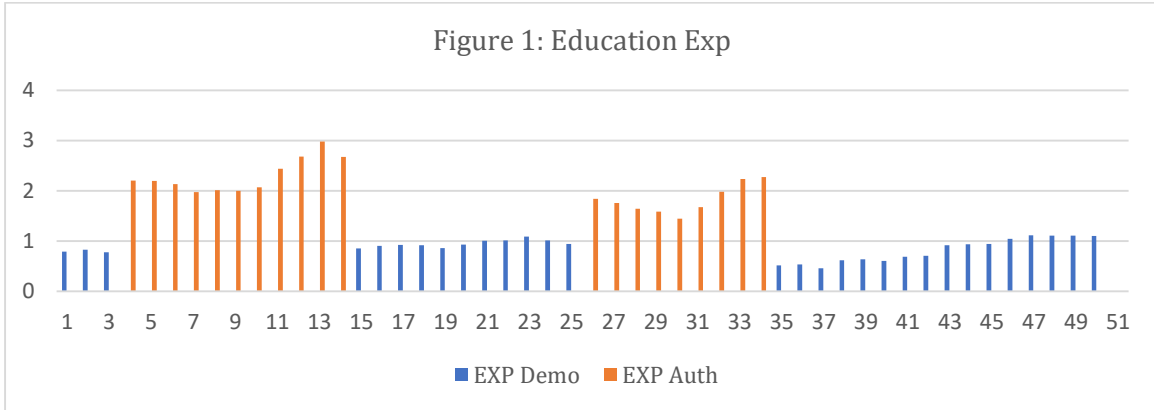
**Theme 2: Military-Economic Nexus—Strategic Planning or Ideological Governance?**

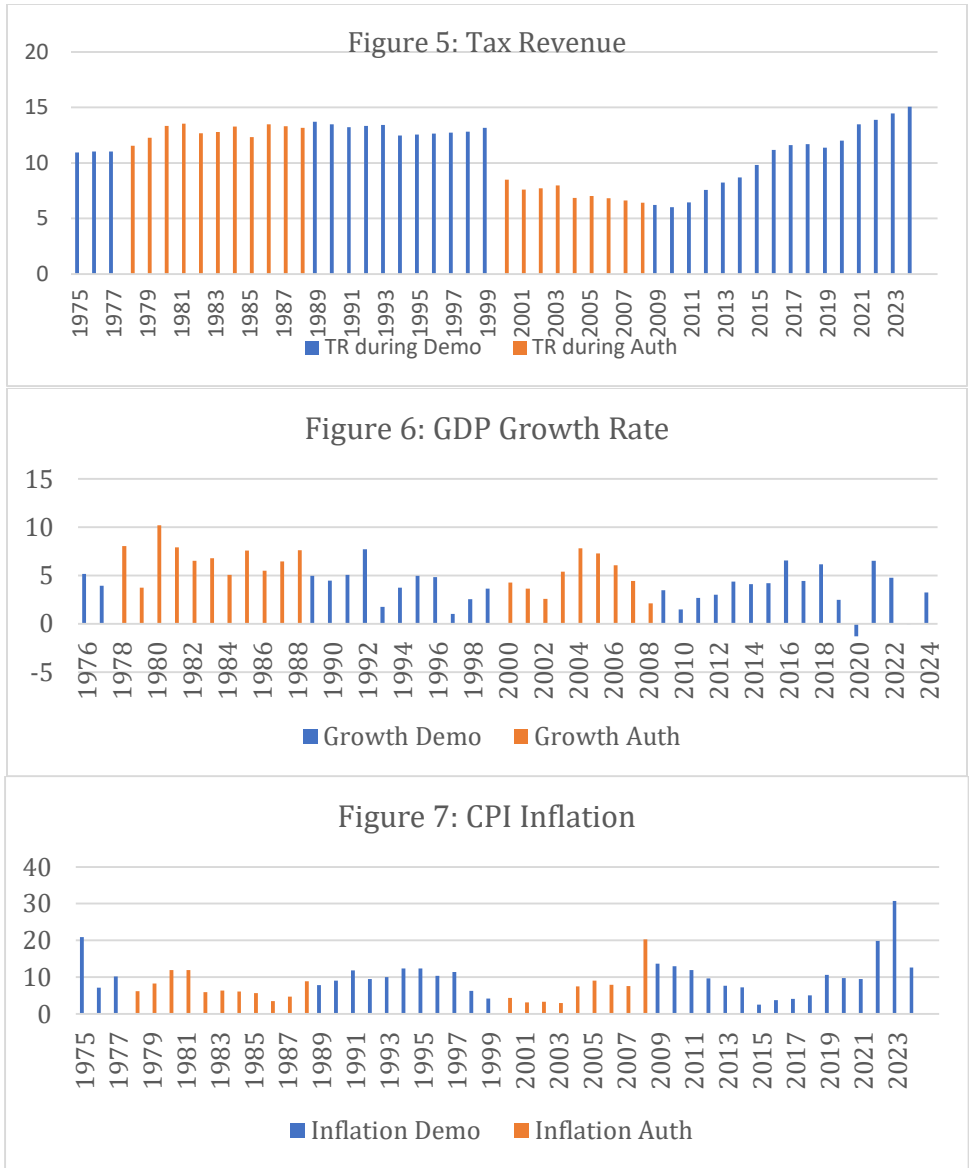
**Theme 3: Islamic Economic Thought—Moral Economy and Political Mobilization**

**Theme 4: Political Instability and Economic Volatility—Cycles of Reform and Reversal**

**Theme 5: Youth, Informality, and the Reimagining of Economic Citizenship**

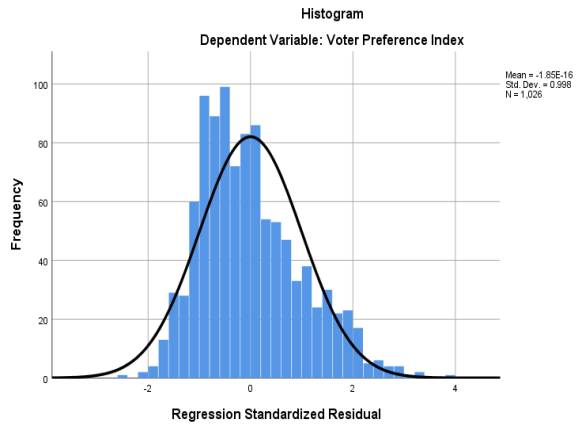
## Appendix 6: Graphical Illustration of Major Time-series Data



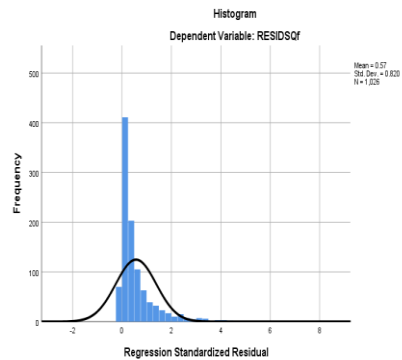


Source:?

**Appendix 7: Primary Data Heteroskedasticity Test Figures**



A7 Figure 4: Heteroskedastic Resids



A7-Figure 5: Homoskedastic Resids

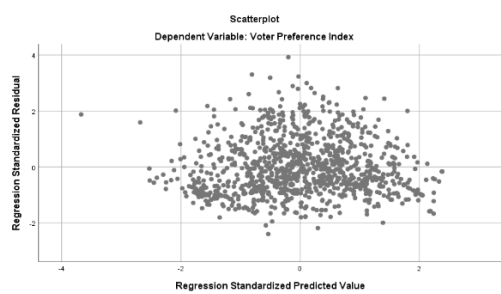


Figure 6 A7: Resid (Heteroskedastic)

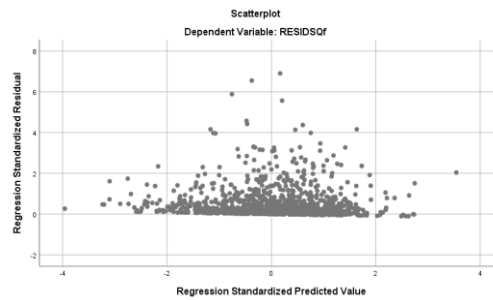


Figure 7 A7: Resid (Homoskedastic)