



Policy Brief

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

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INTRODUCTION

Pakistan's political economy is characterized by recurring cycles of reform, reversal, and institutional fragility. Despite multiple democratic transitions and extensive engagement with international financial institutions, economic reforms have struggled to achieve lasting political sustainability. This brief synthesizes historical, econometric, and survey-based evidence to show that the failure of reforms is not due to voter irrationality or lack of information, but stems from a structural mismatch between reform design and the political dynamics of a hybrid regime.

The classical Median Voter Hypothesis fails to explain Pakistan's political reality. Instead, political influence is asymmetrically distributed: ideologically motivated voters and organized elites exert disproportionate sway, particularly under weak democratic conditions. Median voter influence is conditional, shaped by institutional trust, crisis environments, civic awareness, and democratic quality. These dynamics have critical implications for reform sequencing, communication, and political anchoring.

PAKISTAN'S POLITICAL ECONOMY CONTEXT

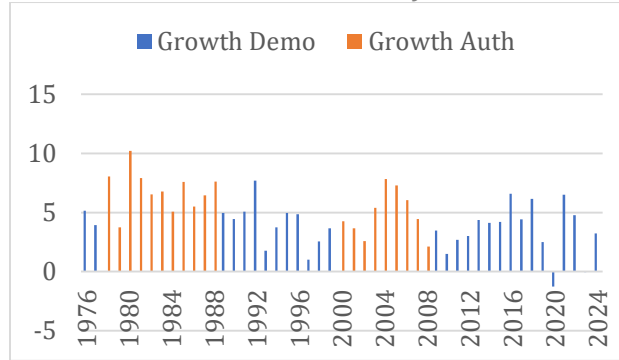
Since independence, Pakistan has oscillated between bureaucratic-authoritarian, populist, and technocratic regimes, each promoting distinct economic ideas, state-led industrialization, liberalization, stabilization, or redistribution, often without durable political coalitions. Democratic interludes improved political participation but failed to institutionalize accountability mechanisms capable of aligning policy with broad voter preferences.

Time-series analysis shows that democratic regimes outperform authoritarian ones in allocative responsiveness, yet macroeconomic volatility and reform reversals persist. This demonstrates that regime type alone is insufficient to secure reform durability; rather, success depends on the interaction between economic ideas, institutional capacity, and political incentives. Hybrid regime dynamics, crisis-dependency, elite-driven policy formulation, and provincial heterogeneity further shape reform feasibility.



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Figure 1: GDP Growth Rate under Democracy vs Authoritarian Regimes



Source: Authors' computations.

VOTER PREFERENCES AND IDEOLOGICAL STRUCTURE

This pattern implies that political mobilization in Pakistan arises from ideological peripheries rather than the center. Programmatic clarity and engagement are strongest among voters with pronounced ideological positions, contradicting the classical MVH expectation of median convergence. Sociotropic reasoning and inequality perceptions amplify programmatic voting, while higher income and party-centered considerations reduce its influence. Civic awareness, counterintuitively, is negatively associated with policy-based voting, as political knowledge in a hybrid regime can foster skepticism rather than engagement. Gender-disaggregated analysis indicates women exhibit stronger sociotropic orientations but weaker trust effects, highlighting diverse pathways through which economic ideas shape political behavior.

CONDITIONAL MEDIAN VOTER DYNAMICS

This study develops a Conditional Median Voter Hypothesis to reconcile these observations. Median voter influence exists only under specific conditions: high institutional trust, acute economic crises, and sufficient democratic quality. Even then, convergence is partial and temporary. Marginal effects analysis confirms that ideological distance confers political advantage under low democracy but loses salience or reverses as democratic institutions strengthen.

Democratic deepening moderates polarization but does not enforce convergence. Civic awareness introduces multidimensional policy evaluation, weakening limited economic voting. Crisis periods can temporarily compress preferences, creating windows for reform, but these do not generate lasting alignment unless institutional capacity and trust are simultaneously strengthened. Consequently, reforms imposed under authoritarian or weakly democratic regimes often rely on elite enforcement, while democratic governments face fragmented support and coalition bargaining.

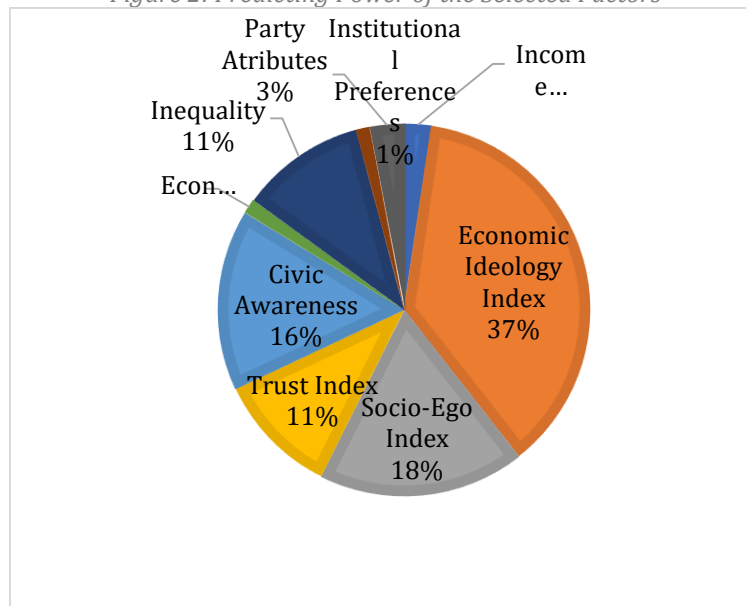
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PROVINCIAL POLITICAL ECONOMIES

Provincial heterogeneity significantly shapes political responsiveness. Punjab demonstrates stronger institutional mediation, allowing reforms emphasizing inequality reduction and national economic outcomes to resonate if implementation is credible. Sindh and KPK exhibit sharper ideological polarization, necessitating visible governance improvements alongside reform messaging. Balochistan and the Islamabad Capital Territory show trust- and identity-mediated political behavior, meaning reforms framed solely in economic or institutional terms are unlikely to mobilize support without tangible state presence and basic service delivery.

Uniform national reform agendas, therefore, generate asymmetric political reactions. Voters interpret policies through the lens of provincial experiences with the state, revealing the limitations of centralized reform strategies. A territorially differentiated approach—recognizing ideological commonalities while addressing structural constraints at the periphery, is essential for sustainable reform.

Figure 2: Predicting Power of the Selected Factors



Source: Authors' computations.

IMPLICATIONS FOR REFORM DESIGN AND POLICY

1. Reform Sequencing over Reform Speed: Front-loading austerity or distributive costs without trust-building intensifies polarization. Reforms should prioritize institutional credibility—through tax fairness, equitable service delivery, and consistent enforcement—before imposing visible costs.

2. Institutionalizing Crisis Windows: Economic crises provide temporary convergence opportunities. These should be leveraged to embed rule-based reforms rather than ad hoc adjustments, ensuring sustainability beyond the crisis period.



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3. Targeted Political Engagement: Policy communication must focus on organized ideological blocs, provincial elites, and civic intermediaries rather than assuming passive median acceptance. Ideologically motivated voters drive political responsiveness, while median voters are accommodated rather than mobilized.

Policy Implication: Reforms must be sequenced, politically anchored, and tailored to provincial contexts, emphasizing institutional credibility and elite engagement.

Reform Sequencing Example

Stage	Action	Political Focus	Expected Outcome
Pre-adjustment	Build institutional trust	elites & civic intermediaries	Reduce resistance
Crisis window	Implement structural reforms	Ideological blocs	Lock-in rules
Post-reform	Monitor & enforce	All provinces	Sustain compliance

Table 3: Budget Preferences

	Sectors	Regions					Gender	
		ICT	Punjab	Sind	KPK	Baluchistan	Female	Male
If you were given the chance to prepare the national budget, how would you prioritize the following sectors?	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' computations.

4. Province-Specific Reform Frameworks: Fiscal federalism, energy pricing, and social protection programs must be calibrated to provincial political economies. Reform strategies must be sensitive to center-periphery dynamics, local governance structures, and regional trust patterns.

5. Civic Awareness and Institutional Delivery: Information campaigns without tangible institutional follow-through can exacerbate fragmentation and skepticism. Civic awareness is beneficial only when coupled with credible implementation capacity.

6. Ideological Clarity and Programmatic Focus: Economic ideology consistently predicts voter preferences, indicating that the electorate can engage meaningfully with policy narratives. Reforms framed within coherent ideological and programmatic frameworks are more likely to achieve political traction, particularly when paired with credible institutional enforcement.



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Key Takeaways:

- Classical MVH assumptions do not hold; voter influence is anti-median under weak democracy.
- Provincial heterogeneity necessitates territorially differentiated reforms.
- Sustainable reform requires aligning economic ideas with institutional incentives, political coalitions, and regional realities.
- Crisis periods provide opportunities but require prior trust-building and credible delivery.
- Civic awareness enhances engagement only when backed by visible institutional capacity.
- Median voter responsiveness is conditional—shaped by institutional trust, crisis events, democratic quality, and civic awareness.
- Reform failures often stem from centrally designed policies ignoring regional political economies.

THE CONDITIONAL RESPONSIVENESS FRAMEWORK (CRF)

The CRF integrates these insights to provide a practical guide for reform design in hybrid regimes like Pakistan:

- **Recognize Conditional Political Responsiveness:** Reform outcomes depend on institutional trust, crisis dynamics, democratic quality, and ideological structures, not merely on median voter preferences.
- **Sequence Trust-Building Measures:** Establish credibility through transparent institutions, service delivery, and equitable enforcement before imposing costly adjustments.
- **Leverage Crisis Opportunities:** Use temporary preference convergence to institutionalize rule-based reforms.
- **Engage Ideological and Civic Coalitions:** Target organized political actors and intermediaries rather than assuming median voter acceptance.
- **Differentiate Provincial Strategies:** Tailor reforms to regional political economies, considering polarization, trust, identity dynamics, and institutional capacity.
- **Align Awareness with Delivery:** Ensure information campaigns are backed by credible, visible institutional action to prevent skepticism and fragmentation.

By aligning economic ideas with institutional incentives, ideological structures, and provincial political realities, the CRF offers a realistic foundation for designing reforms capable of achieving durable political and economic outcomes in Pakistan and comparable hybrid democracies.

CONCLUSION

Pakistan's reform challenge is not solely a democratic deficit but the presence of conditional political responsiveness within a hybrid regime. Voter preferences do not converge mechanically toward the median economic position; instead, political influence is disproportionately exercised by ideologically motivated voters at the extremes. Democratic deepening moderates this asymmetry but does not eliminate it, as coalition bargaining, pluralism, and civic awareness introduce multidimensional evaluation of policy options.



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Reform failures are therefore not purely the result of poor technical design but of misalignment between centralized reform narratives and regionally differentiated political economies.

Sustainable reforms require recognizing the heterogeneity of voter preferences, institutional trust, crisis dynamics, and provincial political structures. A one-size-fits-all approach is inadequate.

Economic ideology remains the strongest predictor of political behavior, while sociotropic reasoning and inequality perceptions further strengthen programmatic voting. Gendered and regional differences highlight the importance of tailored reform strategies. Distance from the median voter is politically advantageous under low democracy, reflecting polarization and elite-driven competition, but becomes less salient as democratic institutions improve.

Ultimately, the Conditional Responsiveness Framework provides a practical foundation for political engagement in Pakistan, emphasizing that durable policy change requires careful sequencing, credible institutional delivery, provincial sensitivity, and strategic engagement with ideologically organized voters. Aligning economic ideas with the realities of hybrid political structures and differentiated regional experiences is essential to achieving both political sustainability and economic resilience.

Actionable Recommendations

- ❖ Prioritize building institutional credibility before cost-imposing reforms.
- ❖ Use crisis windows strategically to institutionalize rule-based changes.
- ❖ Communicate with organized ideological and civic coalitions.
- ❖ Customize reform strategies to provincial political economies.
- ❖ Ensure information campaigns are supported by tangible institutional outcomes.

Policy Implications

1. Economic Ideas Matter and no reform design for median voter: Voter preferences in Pakistan are significantly influenced by economic ideology and sociotropic reasoning. Median voters in Pakistan are politically passive, not pivotal. Reform strategies must target organized ideological blocs, provincial elites, and civic intermediaries.
2. Trust is a Precondition, Not a Byproduct: Institutional trust must precede adjustment.
3. Crisis Windows Must Be Institutionalized: Crises create temporary convergence.
4. Democracy Moderates Polarization, It Does Not Enforce Convergence: Democratic deepening expands policy space.
5. Civic Awareness Requires Institutional Capacity.
6. Provincial Political Economies Matter: Reform design must explicitly differentiate across provinces to avoid center-periphery backlash.
7. Technocrats perceive institutional weakness and governance failures as major constraints on economic reform. They express skepticism toward mass democracy.
8. Youth Empowerment: Supporting youth-led initiatives by reducing bottlenecks and providing opportunities for skills development and entrepreneurship can help harness their potential and promote economic growth.