



# Policy Brief



## POLITICAL DYNASTIES AND LOCAL ECONOMIC DEVELOPMENT IN PAKISTAN

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*(This document is unedited author's version submitted to RASTA)*

### INTRODUCTION

Institutional performance in terms of service delivery and economic development has been the center of recent academic and policy debates. The discussion generally starts from the comparison of political parties and settles down on individual performances. Usually, the parties are discussed in terms of their experiences in managing government affairs. However, since politicians move between parties, it makes perfect sense to compare their performances. Families of some of these elected members have been in power for generations. This resulted in the formation of political dynasties. The question is whether these politicians with more experience perform better than those who are relatively new. In other words, whether or not dynast politicians outperform non-dynasts? This sets up the premise for our study where we scientifically compare the economic performances of the dynastic member with the non-dynast in Pakistan. The scope of this study covers all the members of the national assembly (MNAs) who contested in the three elections (2002, 2008, and 2013).

Pakistan is among those countries where the share of elected political dynasties in parliament is one of the highest in the world. Political dynasties are so entrenched in Pakistan's political system that dynastic legislatures constitute more than 50% of elected politicians since 1970. Before 2008, there was very little debate among politicians on the economic performance of dynast vs. non-dynast legislatures. However, since 2008, the debate is intensified among the leaders of main political parties. Interestingly, until recently, there was no scientific evidence on which this debate is based.

The local government system is either absent or ineffective in Pakistan which underscores the role of elected legislatures in local economic development. For this purpose, the parliamentarians are provided access to different types of discretionary development funds. President Zia-ul-Haq introduced a special federal program in 1985 that allocated funds to elected legislatures of the national assembly for the development of their constituencies. Following the footsteps of Zia, successive governments continued the program under different names. Under this program, every



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parliamentarian is provided access to funds for developmental projects in the respective constituency. The funds could be used for health, education, electrification, roads, and other types of local infrastructure.<sup>1</sup>

Why does a politician want to invest in local development? The major incentive is to be reelected. Nevertheless, this depends on several factors including the concentration of political power, political connections, and loyal voters like baradari. In turn, these factors depend on several individual and constituency level factors. Among them, being a member of a political family (dynasty) stands out. Existing evidence concludes the ambiguous effects of dynastic politicians on economic development. On the one hand, the incentive to establish a dynasty on the part of the founder may encourage long-term investments to build loyal voters, thereby leading to economic development. However, the descendants—who inherit voters—have lesser incentives to ensure economic development. Therefore, the net effect of political dynasties on economic development is ambiguous.

## DATA AND METHODOLOGY

In the last decade, literature on the persistence of political dynasties has evolved which describes various features of political dynasties including the way it is defined. Based on this extensive literature, we define a politician as a dynast if at least *one member* from his family<sup>2</sup> has been elected as a legislator in the Lower House (i.e., national assembly) of Pakistan.<sup>3</sup>

Figure 1 reveals that about 50% of winners and 41% runner-up electoral candidates in the national assembly in the past three elections (2002, 2008, and 2013) belong to dynastic families.<sup>4</sup> These numbers depict the entrenched role of dynastic politics in the electoral process of Pakistan.

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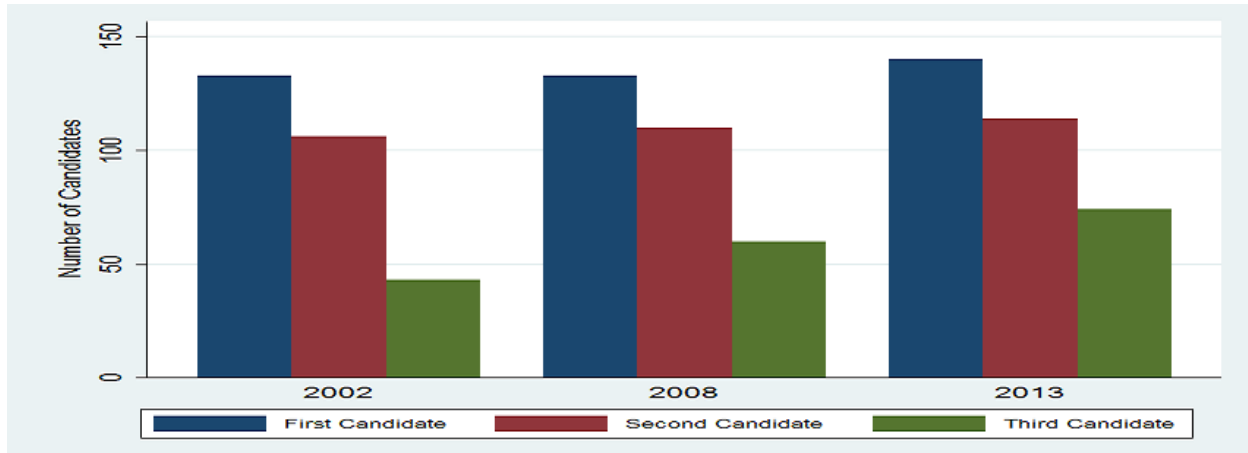
<sup>1</sup> The influence of legislatures in the local development can be assessed from the fact that the incumbent government of the Pakistan Tehreek-i-Insaf (PTI) initially put a stop to the allocation of funds to elected politicians (<https://www.dawn.com/news/1428660>). However, recently, Prime Minister Imran Khan announced Rs.500 million for each MNA so that they can initiate development schemes in their constituencies (<https://www.dawn.com/news/1604040>).

<sup>2</sup>Family means grandfather, grandmother, father, mother, uncle, brother, sister, father-in-law, and mother-in-law.

<sup>3</sup>Members of the Upper House are elected indirectly through provincial assemblies. So, they do not exercise their power and influence directly.

<sup>4</sup> For methodological reasons including change in the constituencies' boundaries and availability of nightlight data, which hinder the estimation of long-run effects, the election of 2018 has not been considered in this study.

Figure 1: Number of Dynastic Candidates in Top Three Contestants of National Assembly



In a country like Pakistan, information on socio-economic indicators at the constituency level is not available. This becomes an impediment to measuring economic growth or development at the constituency level. To overcome this limitation, many scholars sorted out the possibilities of using satellite-based remote sensing, including nighttime lights at subnational levels as a proxy for economic development. Several empirical studies have concluded a high correlation between electricity consumption and different indicators of economic development (income, growth, poverty, agriculture, and industrial production).

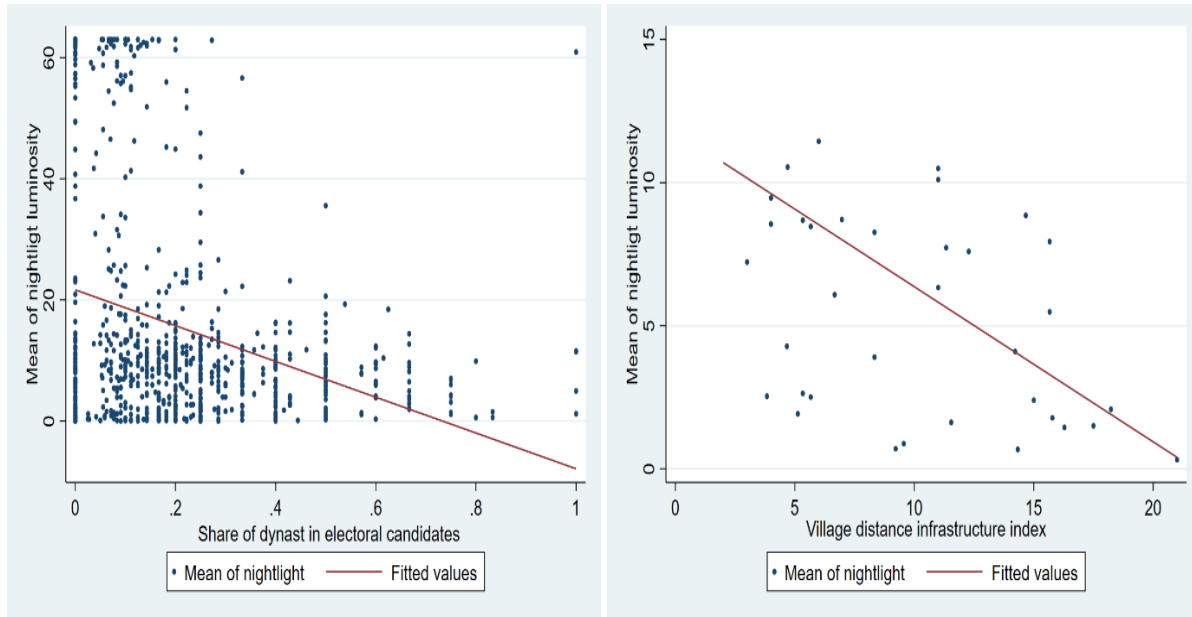
We also used the Pakistan Rural Household Panel Survey (PRHPS) which provides geocoded information on socioeconomic indicators at the constituency level. It includes, among others, information on access to electricity, gas, piped sewage, piped water, carpeted and non-carpeted roads, distance to school and hospital, political knowledge, trust in institutions, politicians, and law and order situation. To test whether non-dynast constituencies have better public service provision relative to dynast, we use close election regression methodology which minimizes the effects of the constituency and individual-specific factors on the probability to win an election.

## THE EVIDENCE

The relationship between local economic development and the share of dynasts in electoral candidates is examined in Figure 2. A lower share of dynast candidates is associated with greater local economic development (Panel A). This suggests that constituencies ruled by dynasts have deteriorated public good provisioning which results in their lower economic development. This is

further supported by Panel B which shows that distance from institutions of public good provisioning such as schools, healthcare centers, etc., reduces the local economic development.

*Figure 2: Dynasties and Local Economic Development*



*Panel A*

*Panel B*

But do constituencies with non-dynasts winners perform better than the dynast winners in terms of local economic development. The quantitative analysis shows that a dynastic constituency has one percentage point less electricity as compared to non-dynast. It is approximately equal to the difference in nightlight between constituencies in the districts of Gujrat and DG Khan; Haripur and Lakimarwat; Tando Ala Yar and Tharparkar; and Quetta and Loralai. Similarly, constituencies of dynast winners have 10%-25% less access to electricity, piped water, drainage, roads, gas, and telephone and have 21% lower consumption than non-dynasts.

The potential reason for the worse performance of dynasts could be associated with (i) lower political competition, and (ii) a lack of trust in democratic institutions by the voters. In the absence of political competition, the dynast has little incentive to perform. They rely on their political or campaigning capital (e.g., a prominent name or a powerful network) to win the elections and remain in power. This leads them to put less effort which results in underperformance. Moreover, lack of trust in political institutions reduces political participation which in turn discourages political competition and therefore public service provisioning.



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We find that constituencies of a dynast legislature have less political knowledge, lower democratic preferences, and are less likely to cast vote in 2012. Similarly, voters in these constituencies exhibit lower trust in formal institutions. This means that the presence of a dynast in the office is associated with the deteriorated trust of constituents in the system. This happens when the voters are not satisfied and do not expect better institutional performance in public service provisioning from their officeholders.

## **POLICY RECOMMENDATIONS**

Based on the findings of our study, the following policy recommendations are suggested:

- It is important to mention that the scope of this study is to explore performance in terms of local economic development. We did not evaluate how a dynast or non-dynast politician performs in the assembly through participation in legislation and other functionings of the parliament (which is the primary role of a parliamentarian). The debate about economic performance between dynast and non-dynast politicians would be irrelevant if they are spared from this responsibility. This can be done by (i) abolishing discretionary funds allocated to members of the parliament and (ii) reducing their influence in the allocation of the Public Sector Development Programme (PSDP). This is the responsibility of the parliament to debate and implement this recommendation.
- The funds should instead be allocated to local government as local economic development is primarily the role of this tier of government. This will incentivize contesting elections at the local (village/union council) level thereby increasing political participation and competition. The accountability of locally elected representatives will improve transparency which will ensure better economic development at this level. As per the constitution, the provincial governments should be responsible for implementing this suggestion.
- Until the above recommendations are implemented, the discretionary funds allocated to members of the parliament should be institutionalized by putting to audit and other accountability criteria set up by the Planning Commission of Pakistan.
- To our knowledge, this is the first scientific evidence at the national level about the comparison of economic performances of dynast and non-dynast politicians. This should generate a debate among academics, civil society, politicians, and more importantly among the voters. This study should be widely circulated among key stakeholders for debate and



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coming up with better suggestions to improve the system. Media can play an important role in creating awareness among voters about the office holders' performance and founder and descendant effects.