

RESEARCH INSIGHT

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Do political dynasties hinder development? Evidence from Pakistan

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Introduction

There is a growing consensus that weak institutions undermine economic development, and that they are often inherited from the past and persist over time. An important reason behind such institutional inertia is the persistence of elites. While focusing on political elites, recent research has shown that in contexts as diverse as the United States, Japan, Philippines and India, prominent elite families have tended to form political dynasties in ways that give truth to the dictum, “power begets power” (Dal Bo, Dal Bo, and Snyder 2009). Studies have shown that having a relation by blood or marriage in the legislature in the past—and the length of time they have held office—helps to perpetuate dynastic power (George 2009, Asako et al. 2015, Querubin 2016). While we now have good knowledge of how and why political dynasties form and endure, we know relatively little about their impact on development.

This is an important question as political dynasties are a ubiquitous feature of electoral politics, be it the Kennedy and Bush families in the United States or the Gandhis and Bhuttos in South Asia. Are political dynasties inimical to development? Does it matter how long a dynastic family has been in power and what is its underlying source of power?

Empirical approach

In a recent paper, Malik, Mirza, and Platteau (2021), we probe these questions using novel datasets on political families and development outcomes in Pakistan’s largest province, Punjab. We compile a rich dataset on political dynasties that spans over almost a century, starting from the year 1921 when limited enfranchisement was first introduced under British rule, and includes information about the personal and family characteristics of both elected representatives and the main contenders in elections. The development outcomes we study are measured at a granular level—the 3,454 Union Councils that serve as the lowest administrative unit in a constituency—and rely on two major sources: (a) satellite data on night time luminosity and (b) an original household-level dataset that provides information on educational attendance and asset ownership of 15 million households in Punjab.

To investigate the causal impact of dynasties on local development, we utilize a close elections regression discontinuity (RD) design that compares the average difference in development outcomes between regions where a dynast narrowly won and regions where a dynast narrowly lost the elections. A dynastic legislator is defined as someone belonging to an entrenched dynasty that has had at least 11 distinct tenures in the parliament. These are families who entered in electoral politics far back in time, in the pre-partition period or soon after independence, and have enjoyed a pervasive hold over politics in their regions for a very long time.

Findings

Our results suggest that entrenched political dynasties cause lower economic development as demonstrated in relatively lower luminosity growth. This is evident from Figure 1 that shows scatterplot of the conditional mean of the growth of night time luminosity on the y-axis. The figure provides visual evidence of a strong discontinuity in the luminosity growth at the cut-off. We also use an exceptionally detailed household survey dataset to construct supplementary indicators of development. We find that constituencies where a dynast narrowly won over a non-dynast had a significantly larger proportion of households had out-of-school children and lower asset ownership.

Given that entrenched dynasties undermine local economic development, it is useful to consider the profile of high-tenure political families. Doing so, we find that an overwhelming majority of entrenched dynasts are traditional elites who are either landed families or combine landed power with religious authority. This raises a follow-up question: Is it a candidate’s traditional elite status or entrenchment that matters for development? We find that the effect of dynastic power persists even when family characteristics are controlled for. Thus, how long a political family has held power matters for development.

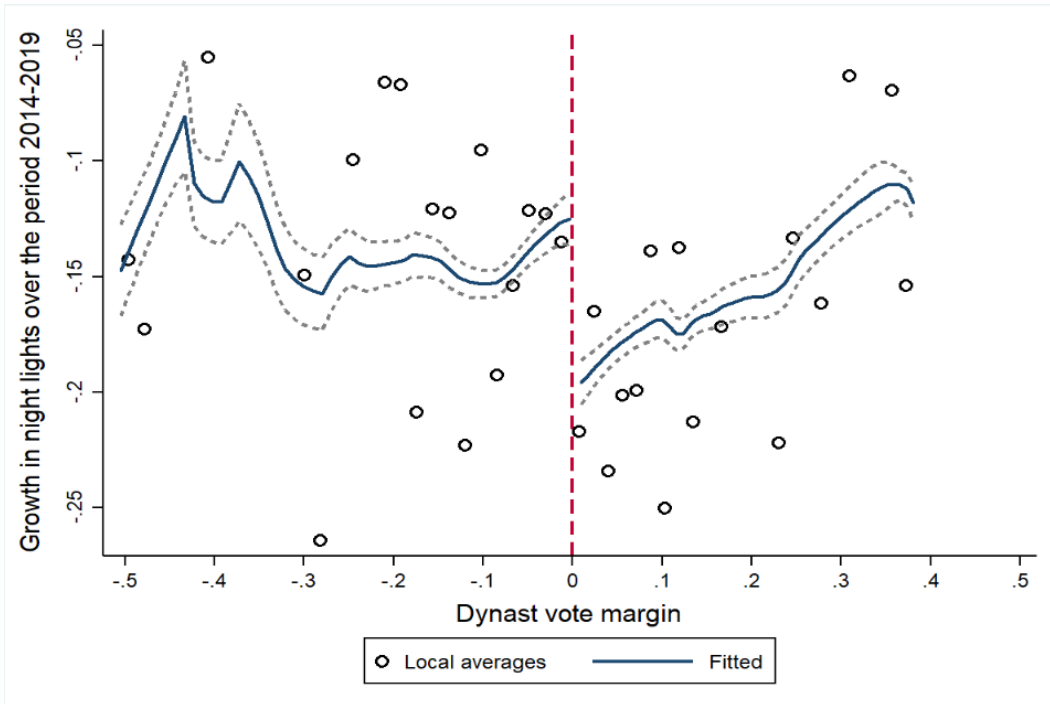


Figure 1: Visual Evidence of Discontinuity in Development Outcomes

Notes. The figure displays a scatterplot of the conditional mean of the luminosity growth on the y-axis with the margin of victory for the high-tenure dynast on the x-axis. Locations to the right of the zero line were narrowly won by high-tenure dynasts while those on the left of the zero cut-off were narrowly lost by them. Each point represents the mean of the relevant development outcome in the national or provincial assembly constituencies within the bins of margins of victory on each side of the cut-off. The fitted lines are estimated semi-parametrically through kernel-weighted local linear regression, with MSE-optimal bandwidth; the dashed lines represent 95 percent confidence intervals.

We offer a plausible interpretation of these results. Political elites may deliberately oppose economic development when it threatens to undermine their future political power (Acemoglu and Robinson 2006). This is particularly true for elites who are relatively insecure and risk losing their power in the face of intense political competition. Given the competitive and clientelist nature of electoral politics in Pakistan, politicians are involved in some exchange with voters. Since entrenched dynasts belong to historic and/or religious families whose power is based on hierarchical patron-client relationships, we surmise that they prioritize the delivery of livelihood-protecting services (e.g., protection before police and courts) over livelihood-enhancing goods and services (e.g., education and health). The latter might be viewed as direct threats to their economic and political interests.

Implications for policy

Spelling out policy implications is not straightforward for two reasons. First, our results suggest that the institutional context in which dynasts operate matters for the way they act and the resulting effects on development. This means that policy needs to be sensitive to local institutional context. Second, deep political economy analysis tells us more about institutional constraints rather than possibilities for policy reform. Notwithstanding this, findings of this study can inform both the broader discourse on development and the design and implementation of concrete policies. Attention to education and the role of external aid seems to be especially appropriate here.

Expanding educational access is a long-standing development challenge faced by Pakistan. With around 19 million children currently out of school, Pakistan is suffering from an acute educational crisis. To put things in perspective, Pakistan ranks globally as a country with the second highest number of out-of-school children. In terms of absolute numbers, more than half of these out-of-school children currently reside in Punjab. This educational challenge has mainly been understood as a problem of adverse resource endowments that could be addressed through higher and more targeted budgetary allocations and provision of better educational facilities. For example, the 2011 Annual Status of Education Report (ASER), co-sponsored by UKaid, emphasized the need to increase “development budgets” and improve “school administration”. Similarly, *Alif Ailan*, a multi-million dollars non-profit initiative funded by the UKaid, tried to promote political awareness of the importance of education through focused campaigns in print, electronic, and social media.

While clearly important policy initiatives in their own right, such interventions have fundamentally targeted the proximate determinants of Pakistan’s development crisis. The present study suggests that educational access—and economic development more generally—is not merely a problem of limited resources or lack of awareness but is connected with deep political economy factors, including the entrenched power of political elites who have both the incentives and capacity to block development as it can undermine their power. In such an institutional milieu, throwing more resources into the system is unlikely to be effective. In fact, if there is one thing that the failure of multi-donor Social Action Programme (SAP) during the decade of 1990s in Pakistan teaches us is that increasing budgetary allocations are not a magic wand and can end up being captured by political and bureaucratic elites. This creates a difficult dilemma for policy. Displacing the entrenched power of political elites is neither a realistic objective nor part of a donor’s mandate. However, policy interventions need to be designed and implemented in ways that circumvent the vertical and hierarchical control exercised by entrenched political elites.

Importantly, policy needs to ensure that development assistance does not unintentionally reinforce the power of entrenched elites. Among others, this requires a more careful use of blunt aid instruments. One such instrument is the general budgetary support through which a significant part of foreign aid has been channelized to Pakistan during the last four decades, especially during military rule (e.g. under General Pervez Musharraf’s regime, 2001-2008). For instance, more than half of the total aid expenditure of £380m spent by the UKaid over the period, 2002-07, was in the guise of general budgetary support (55%). Even if this spending is overwhelmingly earmarked for poverty reduction, such generalized budgetary support is fungible and remains susceptible to political abuse since legislative members have considerable influence over how money earmarked for development schemes is allocated and spent in their respective constituencies. An evaluation of the UK’s aid programme in Pakistan during the 2002-07 period noted that: “there is little evidence that general budget support has made the Government move faster on the poverty agenda than it otherwise would have done.” (DFID 2008).

Given that entrenched political elites tend to provide livelihood-protecting goods to their constituents through their control over local institutions of service delivery, reforms aimed at increasing the independence of district administration, police, and courts can have important payoffs. Broader political reforms, such as political decentralization and stronger grassroot presence of political parties, can also release space for contestation by encouraging the entry of new political actors.

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