

Do political dynasties hinder development? Evidence from constituency spending following Pakistan's 2010 floods

by Hina Shaikh¹

This policy brief is based on a working paper, "Do political dynasties hinder development? Evidence from a natural disaster", by Ayesha Ali, Assistant Professor of Economics at the Lahore University of Management Sciences.

Dynasties play a large role in Pakistani politics. The most rigorous available data show that in 2008, 59% of the elected members of Pakistan's national and provincial assemblies were from a dynasty, representing a total of 149 distinct families. Between 1970 and 2008, these families have held power on an average of eight seats across the national and provincial assemblies.

What does this political dynamic mean for delivering public goods and improving development outcomes? One theory holds that as dynastic politicians leverage financial and political capital to build committed vote banks over generations, their incentive to deliver economic or public goods becomes weak.

To test this theory, research² supported by the International Growth Centre tracked development spending by political constituency in the aftermath of Pakistan's 2010 large-scale floods. It found that on average, flood-affected constituencies with dynastic politicians spent less on development. However, there was variation among dynastic politicians depending on the source of the dynasty's political capital.

¹ Pakistan Country Economist, International Growth Centre.

² Ali, Ayesha. "Do Political Dynasties Hinder Development? Evidence from a Natural Disaster." The International Growth Centre, December

In brief

- Dynastic families in Pakistan have a strong chance of winning elections.
- Constituencies affected by the 2010 large-scale flood that were held by dynastic politicians spent less on development than other constituencies.
- Political dynasties based on land holdings spent more on development than dynasties based on *baradari* (clan) affiliation.

Background: Dynasty formation in Pakistan's political landscape

Pakistan is a parliamentary democracy with an elected national assembly and four provincial assemblies. Members are elected through a simple-majority vote for a five-year period. The party (or coalition) with the most votes forms the government and selects one member of the assembly to become Prime Minister. Each of the four provinces has a provincial government with its own elected assembly. The national and provincial assemblies indirectly elect, for a three-year period, members of the upper house, called the Senate.

The main sources of political power are landholdings, business ownership and linkage to a *biradari*. Of the political families dominating Pakistan's dynastic politics between 1970 and 2008, 41% were landowning, 16% had significant business holdings, and 18% had linkages to a *baradari* (clan).

While the disruption of Pakistan's democratic system by three military coups has led to a strong military presence in political affairs, influential and established families also dominate Pakistani politics. Many of the older families come from a feudal

2016, <http://www.theigc.org/wp-content/uploads/2017/07/Ali-2016-Working-paper.pdf>.

background and derive their power from large rural land holdings. Since 1980, a number of business families from urban areas have also gained prominence. These families were able to build vote banks using their money, patronage, and connections or secured power due to *baradari* affiliation.

Dynastic families enjoy tremendous power in the political system because their name recognition attracts enough votes to give them a substantially higher chance of winning an electoral contest. This is bolstered by the fact that political parties often back only those candidates who are electable or influential in their home constituencies regardless of ideological leanings, giving parties an incentive to entrench influential political dynasties. Dynastic families' electability has also persisted across generations, demonstrating the resilience of dynastic power.

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The Study

The study examined the incentives of dynastic politicians versus other politicians to spend on development in the aftermath of the 2010 mass-flooding in Pakistan. The floods were one of the worst in its history. They directly affected around 20 million people – more than one tenth of Pakistan's total population³ – and the total cost of relief, recovery, and reconstruction was estimated at 5% of the national GDP.⁴ Almost 52% (141) of the constituencies experienced flooding.

Natural disasters provide a good context for studying the effect of dynasties on development for two reasons. First, such events are exogenous – they can be considered independent of other factors that could influence politicians' decisions – and second,

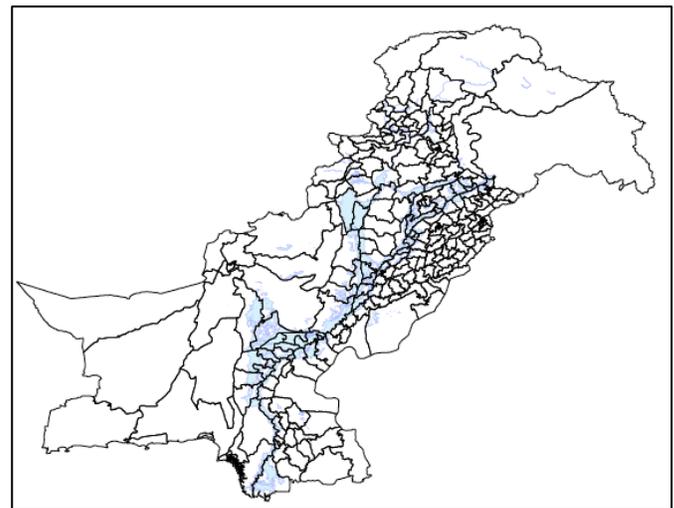
they create an immediate need for rebuilding and development.

The dynastic affiliations of politicians were determined by cross-checking data compiled by *The Herald*, one of Pakistan's most prominent current-affairs magazines, along with first-hand information collected by the author through the Election Commission of Pakistan and interviews with politicians.

Data from a special federal program, then called the Peoples' Work Program, was used to estimate development spending. Under this program, each member of the national assembly (MNA) was allocated a maximum of Rs 20 million a year to spend for development purposes within their constituencies.⁵

Flood-affected constituencies were identified by using maps of flooding extents compiled by Pakistan Space Upper Atmosphere Research Commission (SUPARCO) superimposed onto a map of national assembly constituencies (**Figure 1**).

Figure 1: Extent of flooding across National Assembly constituencies in Pakistan



development in the areas of health, education, roads, water supply, drainage and sanitation, electrification, or other types of local infrastructure. The schemes were approved by the Cabinet Division of the federal government headed by the Prime Minister, and then funds were disbursed to the MNAs.

³ The Damage and Needs Assessment report prepared for the Government.

⁴ World Bank and Asian Development Bank, 2010

⁵ The MNAs were responsible for proposing schemes for local

Results

Flood-affected areas with dynastic politicians spent the least on development. The study finds that development expenditures were almost 11% lower in flood-affected areas with dynastic politicians compared to areas without floods and dynastic politicians. On average, MNAs belonging to a dynasty spent Rs 0.9 million less than non-dynastic MNAs.

Spending on development projects was lower for flood-affected areas than non-affected areas in the flood's aftermath. A likely reason for this may be the crowding out of the MNA's efforts due to reconstruction programs launched by donors and the federal government.

Class and clan affiliation plays a critical role in determining incentives for development spending. Following a natural disaster, those belonging to the land-owning class are more likely, and those belonging to a *biradari* are less likely, than other dynastic politicians to spend on local development.

Dynasties that have political power due to landholdings are more likely than other kinds of dynasties to engage in local development spending. It is possible that in the context of rural economies, land-owning politicians (who employ agricultural workers) are more concerned about the survival and health of their workforce following a natural disaster, and thus have better incentives to spend on rebuilding and reconstruction.

MNAs with *biradari* linkages are less likely to spend on local development. Politicians may be providing private benefits to members of their own group (also their vote bank) instead of public goods for everyone.

Further Research

These findings are based on the short-term effects of dynasties on development expenditures such as in the aftermath of a natural disaster. It will be useful to have data on the long-term effects of political inequality or accumulation of financial and political capital on the incentive to respond to the needs of citizens. In addition to development spending, politicians can promote development in other ways

that cannot be measured by this data. Data on development outcomes, in addition to spending, will help to deepen our understanding of the impact of dynastic politics on development.

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