



The Impact of 2018 Election on Economic Decision-Making: A Case Study of District Chitral, Khyber Pakhtunkhwa

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Abstract

This study analyzes the socio-economic effects triggered by the general elections held in 2018 on the people of Chitral District, Pakistan. It employs a mixed-methods strategy that integrates the quantitative analysis of questionnaires obtained from 300 participants and qualitative commentary derived from focus group discussions. The study addresses shift that occurred in the patterns of consumption, labor market and investments, and perception of economic opportunities after the elections. Political changes have outspread consequences for economic behavior. There was an increase in the households spending in education, healthcare, and transportation, owing to the great hopes the people had of the Pakistan Tehreek-e-Insaf (PTI) Government. Such changes also encouraged women into work to increase economic empowerment and then election also boosted the labor force participation. Nonetheless, the political, social, and economic challenges impacting infrastructure and access to markets continue to impede the progress in economic growth of the area. Political stability strengthens the economic welfare of the communities, societies, and regions. This study among others demonstrates that economic interventions in marginalized regions with good political policies discern positive economic growth. Portions of such policies would include effective policy formulation and successful implementation. Actions include finalizing infrastructure projects, implementing specific employment schemes, enhancing outreach to financial service providers and improving systems for policy monitoring. These measures aim for sustainable development and translate political pledges into real benefits for the people of District Chitral. It also adds to the body of existing knowledge on political and economic process relationships and how such may influence policy advising and development practice within specific contexts, because the region that was targeted by this study enjoys peculiar economic and geographic conditions.

Keywords: General Election, Consumption Pattern, Market dynamics, Political transitions, Investment

Background of Study

Formulating economic behavior requires playing a very important role of elections, mostly in developing democracies like Pakistan. One crucial change in Pakistan's political system came when Pakistan Tehreek-e-Insaf, also known as the PTI Party, became part of Pakistan in the 2018 general elections. The voters were lured with pledges of changes about the economy, higher accountability standards, and more projects contributing towards uprooting entrenched poverty, joblessness, and regional imbalances. Ahmed (2019) argued that the PTI's electoral drive to rejuvenate the economy, reform the functioning institutions, and dealing with gaps in income generation as represented by the people of Pakistan as a whole and the District Chitral also. District Chitral is situated in the northwestern part of Pakistan in Khyber Pakhtunkhwa province. It provides an interesting setting for the analysis of the economic consequences of political events. Farmers, small-scale businesses, and remittances are the major contributors to the local economy. Chitral has always suffered from underdevelopment, lack of proper access to markets, and harshening climatic conditions (Khan & Rehman, 2020). Geographical isolation, coupled with myriad deficiencies in the structure of government support and development processes, has seriously hindered economic progress and increased opportunities for locals. In 2018, the election brought into power new policy motives to look toward addressing those challenges by targeting development programs and strong political engagement. Programs like the Khyber Pakhtunkhwa Integrated Development Program focused on supporting infrastructure development, local economic growth, and job creation. In addition to this, during the election period, there was overwhelming political awareness among the general public in Chitral, making them feel part of the national development charter. Reactions in District Chitral were mixed regarding the aftermath of the election. While there was much optimism regarding the promises of economic reforms, there was still skepticism over the lack of scale in government programs and the slow pace of implementation. Its heavy reliance on remittances and small-scale agricultural activities rendered it especially vulnerable to policy shifts impacting these segments. For instance, pledges of subsidy and infrastructural projects trigger the expectations among peasants and small businesspeople; but the delays in policy execution and bureaucratic hurdles often dampen such expectation leading the households to economize very cautiously. This research investigates how the 2018 election can influence the economic behavior of individuals and a household of District Chitral regarding consumption and investment behavior, labor market dynamics, and perceptions about economic opportunities. In other words, the research explores what political promises mean in terms of economic confidence and whether these other promises led to real economic outcomes in the particular area. It does so by focusing on a district with unique economic and geographical attributes to provide a regional perspective on the larger question of how political transition and changes relate to economic behavior. The study of these changes alongside efforts to elucidate the broader relationship between political transitions and economic behavior in marginalized regions serves to inform discussions in both areas. The results should help policy makers understand the importance of timely and inclusive rollout of development interventions. Second, it draws attention to the need for sustained political will and appropriate policy responses, which can help address specific challenges inherent in a region like District Chitral so that election promises are indeed translated into actual economic progress for all.

Literature Review

The connection between electoral outcomes and economic behavior has been a subject of tremendous appeal to scholars for many decades. For example, in 1996, Alesina and Perotti tried to examine whether policy change induced by elections can cause fluctuations in economic activity through policy change and changes in public expectations, while in 2008, Duch and Stevenson

showed how electoral uncertainty over a four-election period shapes investment and consumption choices. To elaborate on these foundations, Keefer and Khemani (2005) have posited broader outcomes of political transitions that may ensue, including newly reallocated public spending and a shift in investment priorities, often revenue constrained. Acemoglu et al. (2019) further supported this by demonstrating the critical role of newly implemented policies in shaping local economies. Many studies have been done to understand the influence of political promises on economic decision-making and one such paper by Rogoff (1990) highlighted that political parties can directly affect public expectations and hence affect economic confidence. As Mueller (2003) noted, voters do not only act in economic terms but also consider expected changes in the policies. In the case of Pakistan, Ahmed and Amjad (1984) discussed changing economic priorities through the electoral history of the country while Hussain (2015) argued that an enduring challenge for policy makers in the country is regional disparity. Rahman et al. (2018) and Ali and Khan (2016) delved into the economic challenges faced by District Chitral, noting the region's limited infrastructure, market access, and the influence of cultural norms and geographic isolation on economic behavior. The general election of 2018 drastically changed the political landscape of Pakistan, where the newly formed government of Pakistan Tehreek- e- Insaaf (PTI) introduced reforms in the areas of taxation, infrastructure, poverty alleviation (World Bank, 2019). This entailed the launch of district-specific initiatives to tackle regional disparities, for instance the Khyber Pakhtunkhwa Integrated Development Program (ADB, 2020). Two figures in NEP, North (1990) and Bardhan (2002), reviewed the broader political economy of development, pointing to how successful policy implementation relies both on the quality of governance and consideration of local needs. Easterly, 2001; Todaro, 1980 emphasized the role of public perceptions of economic opportunities primarily in rural areas where these perceptions impact migration, investment, and labor market participation. Consumer confidence has also been gauged around election periods. Lowe and Reddy (2015) looked at the impact of elections on spending and saving behavior, while Akerlof and Shiller (2009) examined precautionary savings driven by uncertainty. Prat and Stromberg (2005) and Norris (2000) have, however, placed greater emphasis on the role of the media in shaping economic expectations, especially during elections, with traditional and social media acting as important sources of information in rural areas. Binswanger and Deininger (1997) and Jayne et al. (2003) also described how the electoral promises of subsidies and rural development in the agricultural sector influence the economic decisions made by farmers. Another very important area of focus has been the infrastructure development area, and the estimations of Calderón and Servén (2010) suggested that this particular area significantly influences the local economic behavior, whereas, according to Collier (2007), such investments have crystal-clear electoral motives. Rodrik (1999) and Fields (2004) analyzed employment dynamics and showed how elections affect public sector hiring and labor markets, especially in rural areas. Ratha (2003) and Chami et al. (2008) discussed the stabilizing role of remittances, noting that political stability builds confidence in using these funds for investment. The same need for a change in perspective could finally be recognized in Putnam's (1993) and Fukuyama's (1995) insistence on the role of social capital in economic collective performance, where it is underlined how political events themselves shape trust and cooperation necessary at the economic level.

Data and Methodology

This study will adopt an integrated mixed-methods approach to analyze the economic impact of the 2018 election in District Chitral, quantitatively and qualitatively. Primary data would be collected through household surveys and focus group discussions with 300 respondents from different socioeconomic backgrounds. Focus group discussions will provide quality information on individual and community-level economic behavior, perceptions of political changes. The

secondary data collected in this study will come from official election results, government reports, and economic statistics from the Economic Perception Survey and Labor force Survey thus providing background and securing grounds for findings emerging from the primary data. Stratified random sampling will be done so that a suitable representation of different income classes from both male and female sides, and diverse geographic areas belonging to District Chitral are selected. Since this approach helps in capturing the views and experience of all significant population segments that will provide a balanced holistic approach towards understanding the economic implications which the election has thrown up. The analytical framework was thus designed to involve quantitative and qualitative techniques in the analysis of data. Quantitative analysis utilized econometric models, which could help analyze measurable changes in key economic indicators such as consumption patterns, investment decisions, and labor market participation before and after the election. This analysis gave statistical evidence on the economic effects of the election. Qualitative approaches were used to capture less explicit perceptions concerning economic opportunities and policy impacts. These qualitative insights complemented the quantitative findings by highlighting subjective and community-specific dimensions of economic behavior and expectations. The mixes-method approach thus enabled the research to cover both macrolevel trends and microlevel experiences of how the 2018 election influenced economic behavior in District Chitral.

Results and Discussion

Table 1: Demographic Distribution of Respondents

<i>Category</i>	<i>Frequency (n)</i>	<i>Percentage (%)</i>
<i>Gender</i>		
<i>Male</i>	180	60
<i>Female</i>	120	40
<i>Income Groups</i>		
<i>Low Income (< PKR 20,000)</i>	100	33.3
<i>Middle Income (PKR 20,000–50,000)</i>	150	50
<i>High Income (> PKR 50,000)</i>	50	16.7
<i>Geographic Location</i>		
<i>Urban</i>	90	30
<i>Rural</i>	210	70

Source: *Author's Estimates*

Explanation:

This table presents the demographic distribution for 300 respondents of the study. The sample was divided into a balanced set of gender respondents, 60% male and 40% female. In respect of the income groups, the three levels were constituted by low, middle, and high shares; their respective shares are 33.3%, 50%, and 16.7% of respondents' households. Geographically, the area of District Chitral has been emphasized to be rural in nature; the breakdown of respondents into rural and urban areas is 70% rural and 30% urban, respectively. In fact, this stratification of sampling secures the inclusion of different demographic strata.

Table 2: Changes in Consumption Patterns (Before and After the 2018 Election)

Consumption Category	Average Monthly Expenditure (PKR)	% Change
Before Election		
Food	10,000	-
Education	3,000	-
Healthcare	2,500	-
Transportation	1,500	-
After Election		
Food	12,000	20
Education	4,000	33.3
Healthcare	2,800	12
Transportation	1,700	13.3

Source: *Survey data*

Explanation:

This table compares the average monthly household expenditures for some key consumption categories pre- and post-2018 election. The results also range from very strong upticks across the board-food expenditure up 20%, education up 33.3%, healthcare up 12%, and transportation up 13.3%. These increases would reflect both inflationary pressures and increased access to resources or services as influenced by government policies installed after the election.

Table 3: Perception of Economic Opportunities

Perception Indicator	Before Election (%)	After Election (%)	Change (%)
Availability of Jobs	25	40	15
Access to Credit	30	50	20
Infrastructure Improvement	20	45	25
Political Stability Impacting Economy	15	35	20

Source: *Economic Perception Survey, 2022*

Explanation:

This table represents the Rolex of the economic opportunities about improvements before and after the election. The results showed a tremendous increase in perceived availability of jobs by +15%, access to credit by +20%, infrastructure development by +25%, and economic impact of political stability by +20%. Based on these changes, it is clear that the policy breaks introduced by the PTI government shaped the expectations and perceptions of people positively regarding the economic opportunities available in Chitral.

Table 4: Labor Market Dynamics

Indicator	Before Election	After Election	% Change
Employment Rate (%)	45	55	10
Female Labor Force Participation (%)	20	30	10
Average Monthly Wage (PKR)	12,000	14,500	20.8

Source: *Labor Force Survey 2021-2022*

Explanation:

The data portrays a change in labor market dynamics within District Chitral. Evidently, the increase in the rate of employment went up by 10%, indicating that job opportunities had become easier to find. In addition, there was a 10% growth in female participation in the labor force, showing progress in gender inclusivity. The average monthly wages increased considerably, by about 20.8%, indicating something positive going on with the economy after the election, probably at the impetus of government-backed employment initiatives and development projects.

Conclusion

In the general election in Pakistan, 2018, the bearing is generally great on the economic behavior of individuals and households in District Chitral. The fact that political administration and policy alter important consumption patterns, labor market engagement, and perceptions regarding economic opportunities emerge from the study. Some of the election promises by the PTI government, regarding infrastructural development policy and the alleviation of poverty, saw the Chitral population increase their spending on education, health, transportation, and participate more in the labor markets with high female participation and employability in that region. Accompanying these positive developments, however, some challenges remained. The rural areas continued to face market accessibility constraints and inadequate infrastructure that impeded the broad reach of economic development. Even as perception by the public of economic opportunities improved, actual policy implementation showed variation across sectors. These results emphasize the importance of strong government commitment to translating political will into effective and broad-based economic reforms.

Policy Recommendations:

Recommendations from the study are given below:

- Emphasize the need for completion of ongoing infrastructure projects, such as roads, bridges, and market access facilities, to ensure better connectivity and economic activities in rural areas like Chitral.
- Initiate programs of skill development and employment generation, focusing on empowering women and youth to sustain the increase in labor force participation that is observed.
- Empower microfinance programs so that access to affordable credit can be availed by households to invest in education, businesses, and agricultural activities.
- Design a holistic monitoring framework for tracking implementation and impact regarding economic policies relating to elections, ensuring accountability and efficiency.
- Conduct public awareness to sensitize residents on the various initiatives provided by the government in terms of closing the gap from policy design to community utilization, especially in the remote areas.

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