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Religious Leaders and Rule of Law

BY SULTAN MEHMOOD AND AVNER SEROR^{1*}

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In this paper, we provide systematic evidence of how historical religious institutions affect the rule of law. In a difference-in-differences framework, we show that districts in Pakistan where the historical presence of religious institutions is higher, rule of law is worse. This deterioration is economically significant, persistent, and likely explained by religious leaders gaining political office. We explain these findings with a model where religious leaders leverage their high legitimacy to run for office and subvert the Courts. We test for and find no evidence supporting several competing explanations: the rise of secular wealthy landowners, dynastic political leaders and changes in voter attitudes are unable to account for the patterns in the data. Our estimates indicate that religious leaders expropriate rents through the legal system amounting to about 0.06 percent of GDP every year. (JEL K10, K40, Z12)

Keywords: Leaders, Religion, Rule of Law, Judicial Subversion, Dynasties.

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“They came with religion but no land, and left with land but no religion”

K.K Aziz (2001)

I. Introduction

History is replete with instances where religious leaders shaped the trajectories of societies. Be it Pope Urban II famously setting the stage for the crusades at the Council of Clermont, or Imam Al-Ghazali issuing his notorious fatwa against science and rationality in 11th century Persia. At least since the Enlightenment, scholars have believed that religious leaders influence institutions (Spinoza, 1670; Smith, 1776; Marx, 1844). More recently, scholars have begun to disentangle how religious authorities may impact institutions (Iannaccone, 1998; North, Wallis, Weingast, 2009; Kuran, 2011; Chaney, 2013; Rubin, 2017; Saleh and Tirole, 2019; Barro and McCreary, 2019). Yet despite these efforts, we lack systematic empirical evidence on how religious leaders influence institutions, in particular, how and why religious leaders impact rule of law.

In this paper, we provide systematic evidence for how historical religious institutions impact rule of law and how their influence is explained via subversion of justice by religious leaders. We focus on a large developing country, Pakistan, where throughout its political history, local politics was dominated by large landowning “feudal” politicians (Gilmartin, 1988).² These traditional elites controlled most of the economic resources and alternated power at State, national and local levels. However, in 1999, Pakistan transitioned to a military dictatorship that would last for about 10 years. This disrupted the balance of power of these traditional elites. The military regime, through a local government reform, weakened the relatively secular traditional elite and ushered the rise of a new breed of politicians: the dynastic shrine leaders. The impact of the rise of these religious elites to politics is theoretically ambiguous. On one hand, the rise of religious leaders may improve governance since they may have more long-standing ties with the local community. On the other hand, these very same ties may also allow these religious elites to exploit these communities and subvert rule of law, for instance by leveraging their high “legitimacy” or standing in the community. Building on historical accounts, we argue that these religious elites, known as the *sajjada nasheen* or the “wearers of the holy turban” derive their legitimacy from religion (Gilmartin, 1988; Aziz, 2001). They commanded voluntary compliance through their religious credentials as direct descendants of Prophet Muhammad of Islam (Malik and Mirza,

² Pakistan with its population of over 220 million people is the 5th most populous country or the 2nd largest Muslim-majority country in the world (World Population Review, 2020).

2021). As a result, these religious politicians face different electoral costs when they run for elections and subvert State institutions such as Courts relative to secular politicians. We show that the rise of these religious leaders to political office deteriorated rule of law and resulted in more rulings in favor of the government, in cases directly involving the religious leaders and in politically salient cases involving expropriation of private property from citizens. We argue that religious leaders were better able to subvert the Courts, as their electoral advantage stemming from their “religious legitimacy” allowed them to both rise to politics and exert more influence on courts relative to secular politicians.

We exploit the 1999 military coup in Pakistan as a shock to the political power of traditional elites and present large-scale evidence for how and why religious leaders impact rule of law. To estimate these relationships, we assemble several original datasets, including data on historical religious institutions from British colonial archives, identity of religious leaders associated with these religious institutions, whereby we use honorific titles of religious leaders in elections data to distinguish between religious and secular leaders running for elections before and after the military coup. We also digitized three decades worth of population censuses and compiled a unique case-level micro data on judicial decisions coded by legal experts in Pakistan.

In particular, we focus on holy Muslim shrines built during the 12th and 13th centuries and their associated religious leaders in Pakistan. Each shrine is associated with a religious leader, believed to be the direct descendant of the Prophet Muhammad of Islam. First, we demonstrate that areas with a high number of these historic religious shrines have worse rule of law following a military coup. Second, we present evidence that the impact of shrines on rule of law is explained by the rise of religious leaders to political power who are better able to subvert the Courts than secular leaders. Third, we show the largest effect is documented in precisely the cases where religious leaders have the highest stakes i.e., where shrine leaders are directly involved in the case and where the available rents for capture are largest.

We microfound our empirical analysis and explain *why* religious leaders are better able to influence courts. In our model shrine leaders use their heightened religious legitimacy to become politicians, subvert the Courts and deteriorate rule of law. This is because shrine leaders’ religious credentials allow them to be perceived as more legitimate rulers than their secular counterparts and hence face smaller electoral costs of judicial subversion. We present evidence of this by showing that similar political leaders, absent the religious credentials, are unable to subvert the courts as effectively as the shrine leaders, when they rise to political power.

A simple OLS estimation of shrine density impact on rule of law outcomes will be confounded by omitted factors correlated with historical shrine density, such as historical commercial activity and omitted factors impacting judicial decisions. Our identification strategy relies on the timing of the military coup of 1999 as a shock to the local district high courts in a difference-in-differences framework.³ That is, we compare rule of law outcomes before and after the 1999 military coup across Pakistani districts with higher versus lower historical shrine density. We construct new measures of rule of law based on judgment texts in Pakistani local courts from 1986-2016. Our first measure of rule of law is State Wins. It is a proxy for judicial independence from the executive and takes the value of 1 for state victories and 0 for state losses in a case where the State is one of the parties.⁴ As conceptualized in our theoretical model, this variable captures the influence of elected politicians on judges.⁵ Our second measure of rule of law is Case Delay. It is the time it takes for a case to be decided relative to when it was first filed. The choice of this variable is based on the vast amount of qualitative accounts in Pakistan that suggest that judges delay cases to favor State authorities (Siddique, 2013; Arshad, 2017). Considering Case Delay as an additional outcome variable also has the advantage that it proxies for bureaucratic efficiency and is used extensively in the literature (see e.g. Djankov et al, 2003 for one of the first implementation). Finally, we construct a measure of decision quality that depends on whether the decision is based on evidence of the case rather than on legal lacunas.⁶

We observe that the rule of law deteriorates in places with high shrine density after the coup. In particular, we find that a standard deviation increase in shrine density increases government victories by 5 percentage points, Case Delay by 2.5 months and reduces

³ A vast amount of anecdotal evidence argues that the military coup was precipitated by the sudden dismissal of General Musharraf by the Prime Minister Nawaz Sharif, see for instance, (Bose and Jalal, 2017). By district, we mean a division, which is technically a group of districts. We make this demarcation since High Court benches are formed at the divisional level, therefore, we aggregate shrines density at the divisional level.

⁴ In the discussion of our model, we motivate the use of government victories as one measure of rule of law. The State in this context includes the organs of the state yielding executive power such as public agencies, federal, provincial and local governments (in line with the conceptualizations of The State as an executive organ in Montesquieu, 1748). We ask a law firm to code this variable based on their reading of the texts of judgements. To reduce the inherent subjectivity in construction of some of these variables, we ask the law firm to have two independent teams code the same cases. Table D1 in Empirical Appendix D1 presents correlation coefficients of the variables coded between the two teams of coders. We obtain similar results using either dataset.

⁵ State in our case are all government bodies that can wield executive authority i.e. where elected politicians have the opportunity to exert influence on the Judiciary and expropriate resources (Siddique, 2013). Our data later reveals that 40% of cases involving the State involve expropriation of private property by the State. State in our instance is the local, federal and provincial government.

⁶ This variable, also coded by a law firm in Pakistan, is based on a) common law jurisprudence where decisions on merits or evidence of the case is considered an ideal that common law regimes aspired towards (Tidmarsh, 2009) b) legal scholarship in Pakistan argues that basing decisions on case merits capture rule of law (Siddique, 2013; Arshad, 2017).

decisions on evidence by 6 percentage points, following the coup. These are qualitatively large effects and equivalent to about 10% (mean: 50%), 6% (mean: 3.33 years) and 10% (mean: 62%), changes over the sample means, respectively. Taken together, these results indicate that high shrine density districts have worse rule of law outcomes following the military coup.

We provide several pieces of evidence in favor of the identification assumption underlying our difference-in-differences estimation. First, we show that before the coup high and low shrine density districts follow similar trends. Second, consistent with the unanticipated nature of the coup and historical shrine density determined by the death of a Sufi saint, we find no evidence of confounding interactions with the coup.⁷ Third, the coefficient estimate on the main effect displays remarkable stability even when we include as control variables post-coup interactions with a large list of available case, judge and district characteristics.

Next, we present evidence for a mechanism that the effect of historical shrine density is explained by the rise of shrine leaders to political power. First, we show that the effect of shrine density on Courts is *only* observed in those districts where religious leaders win political office, while we observe a null effect of shrines in districts where shrine leaders do not win office. Second, we observe as more shrine leaders rise to political power, the effect of shrine density following the coup becomes more pronounced. This suggests that shrines exert influence on judicial decisions, only insofar as shrine leaders holding political office in these districts where they enjoy heightened legitimacy.⁸ Third, we find the largest effect of shrine density in judicial cases that directly involve the shrine elite with a monotonically increasing effect of shrine density on rule of law as the number of shrine elites elected to office increase.

Fourth, we provide evidence against three competing explanations that may instead explain the effect of historical shrine density on rule of law. We show wealth, political dynasties or voter preferences *alone* does not explain our results. In particular, we show that following the military coup, if large landowning politicians or dynastic political leaders, absent the religious credentials, win elections in high shrine density districts, we do not observe a similar deterioration in rule of law. We interpret these results as evidence

⁷ These results are also consistent with quasi-random allocation of cases in district courts of Pakistan and the fact the military coup is widely recognized to be sudden and unanticipated (Bose and Jalal, 2003).

⁸ We also estimate the direct effect of shrine leaders on rule of law. In this scenario, instead of a difference-in-differences framework, we use an instrumental variable strategy where we instrument the number of shrines elites elected in a district by shrine density interacted with a post-coup dummy. We discuss this 2SLS estimation and associated interpretation in our discussion of mechanisms. Both difference-in-differences and IV estimation paint a consistent picture that the rise of religious leaders deteriorates rule of law. We are, however, not able to use a RDD to estimate the effect of marginally winning religious leaders due data constraints.

supporting the religious leaders gaining political office mechanism. This is because these shrine leaders do not enjoy religious legitimacy stemming from “holy seats” (*gaddis*) in the shrines, they do not pay a smaller electoral cost of subverting the Courts when they rise to political power, and hence are unlikely to disproportionately deteriorate rule of law in high shrine density districts following the coup. Therefore, absent the religious credentials, wealth from land or political capital from dynasties are unlikely to explain our results. Likewise, religious attitudes in high-shrine versus low-shrine districts are similar before and after the coup. All this is indicative of judicial subversion by religious leaders as being important in explaining the effect of historical shrine density on rule of law.

Last, consistent with the large number of anecdotal accounts and our epigraph, we present evidence that shrine leaders extract rents through the legal system by subverting judicial decisions where they can expropriate valuable resources (Aziz, 2001; Siddique, 2013; Arshad, 2017). Indeed, we find that shrines influence Court decisions in politically salient land disputes and human rights cases involving the State (where there are valuable resources available for capture by the State officials).⁹ This suggests that shrine leaders are able to wield their political power to subvert the Courts, and exert control over the population by expropriating tangible resources (such as land) and intangible resources (like the right to an education).¹⁰ A placebo test corroborates this view, since we observe no impact of high shrine density in politically low-stakes run-of-the-mill criminal cases following the coup, where the resources available for capture by the State are relatively less valuable.¹¹ This is compatible with anecdotal accounts that religious leaders expropriate private property such as land, and reduce the provision of public goods (such as education) for their constituents (Aziz, 2001; Malik and Mirza, 2021).

The increase of State victories in land disputes with the government in high shrine density districts opens the possibility to estimate the total value of *additional* land

⁹ This is also consistent with arguments made by historians (e.g. Coulson, 1964), who argue that politicians in Muslim-majority countries consider land as a rival source of power and use the Judiciary to extract land from the population and in turn consolidate their power.

¹⁰ Indeed, Malik and Mirza (2020) argue that religious (shrine) leaders in Pakistan, when elected, systematically spend less on education in their respective constituencies. This they argue, based on historical accounts, is because education dilutes the power of these religious leaders. One key quote from historical analysis by Aziz (2001, p. 159) is telling: “*even the most superficial kind of public instruction might push some of his spiritual slaves out of their prison of superstition and unthinking obedience. Education is a plague which he does not want his flock to catch*”.

¹¹ Criminal cases too involve the State that acts as the persecution, State Wins in this case is the conviction rate. A random sample of 100 criminal cases confirms anecdotal evidence that the vast majority of these cases involve petty theft, minor fraud and burglary, with relatively low political stakes. Persecution of political opponents and other politically salient cases in Pakistan take place in special National Accountability Bureau Courts, hence the criminal cases in the district high courts here are relatively apolitical in nature.

expropriated by the government due to the influence of shrine leaders. Using values of land mentioned in the judgment texts, we estimate that one standard deviation increase in shrine density results in additional land expropriated worth 0.06% of GDP every year. This is a substantial amount for a country like Pakistan and equivalent to a loss of about USD 180 million every year or slightly more than what the federal government spent on healthcare in 2016 (Pakistan Bureau of Statistics, 2016).¹²

We demonstrate the robustness of these results by conducting a series of sensitivity checks. In addition to evidence for no differential trends prior to the coup and case characteristics to be similar before and after the coup, we show that the increase in State Wins following the coup is not a correction of low State Wins for high shrine density districts prior to the coup.¹³ We also present evidence that the results are not driven by a potentially confounding reform in 2004 that may have impacted judicial decision-making. The results are also insensitive to exclusion of potential outliers, sequentially dropping cases from particular shrine districts, choice of shrine dataset, alternate specifications, strategic filing or changes in case composition.

The paper contributes to several strands of the existing literature. First, it speaks to the literature on leaders and political dynasties (Jones and Olken, 2005; Dal Bó et al., 2009; Besley et al., 2011; Chaney, 2013; Chaney, 2016 and Yao and Zhang, 2015, Querubin, 2016; Geys, 2017; George, 2021 and Ferraz et al., 2020). We contribute to this literature by providing systematic evidence on the rise of religious leaders to politics, and how this deteriorates the rule of law. Closely connected to our work is Ferraz et al., (2020) who find that policies introduced by the military in Brazil increased political competition and positively impacted economic development. Although we also consider a political reform implemented under military rule, we complement the analysis of Ferraz et al (2020) as we show that more local political competition can also translate into worse rule of law outcomes, particularly when it brings religious leaders at the political helm.

Second, this paper also speaks to the literature on the conditions for establishment of rule of law in societies, and its consequences on State building (e.g. Glaeser and Shleifer, 2002; La Porta et al., 2004; Balas et al. 2009; Anderson, 2018; Acemoglu and Robinson, 2019; Bandiera et al., 2020; Acemoglu et al., 2020; Behrer et al., 2021). We complement and contribute to this literature in two ways. First, we reveal a new avenue how vulnerable democracies may experience deterioration of rule of law i.e., through religious leaders

¹² In our computations, we use the federal healthcare budget.

¹³ That is, we show that State Wins are not decreasing in shrine density prior to the coup.

capturing rents through the legal system. Second, our paper adds to the scant literature on bureaucracies in developing countries, particularly in weakly institutionalized settings, where data is scarce, democratic institutions have not taken root, and political interference in the judiciary is rampant. Our paper therefore improves our understanding of the conditions under which rule of law may be undermined in the society.

Third, this paper speaks to the literature on decentralization, corruption and governance (Fisman and Gatti 2002; Cai and Treisman 2005; Fan et al., 2009; Alatas et al., 2013; Acemoglu et al. 2014, Mookherjee 2015). The effect of decentralization on governance is theoretically ambiguous. On the one hand, locally elected politicians may be more accountable to the voters, so decentralization may improve governance (Besley and Case, 1995; Seabright, 1996, Wade, 1997). On the other hand, scholars have also argued that decentralization might lead to more corruption when it strengthens local elites' power to organize at the local level (Bardhan and Mookherjee 2000) or when autocratic governments consolidate their power via exerting more "vertical control" over local governments (Martinez-Bravo et al., 2021). We contribute to this debate by providing evidence that decentralization negatively affects governance when it facilitates the rise of religious elites to political power.

Finally, our paper speaks to the growing literature on the political economy of religion (Carvalho, 2012; Carvalho, 2016; Platteau, 2017; Rubin, 2017; Barro and McCleary, 2019; Bazzi, Koehler-Derrick and Marx, 2020; Bisin et al., 2021; Bentzen and Gokmen, 2021).¹⁴ We contribute to this literature by showing how secular and religious leaders differentially impact politics and institutions. Our work is closely related to Rubin (2017), who studies how the legitimacy of religious elites in the Muslim world influenced institutions and economic development.¹⁵ Our empirical analysis and model complements these historical analyses. Likewise, our paper speaks to Auriol, Platteau and Verdier (2019), who study the co-optation of religious leaders by autocrats. We complement this study, as we uncover that not only can religious leaders be co-opted, they can also replace traditional political elites and undermine rule of law. More broadly, this paper speaks to the studies that have shown the long-term consequences of culture and institutions (e.g. Kuran, 2011; Nunn, 2016; Lowes et al., 2017;

¹⁴Other related works include (Clingsmith, Khwaja and Kremer, 2009; Campante and Yanagizawa-Drott, 2015; Belloc, Drago and Galbiati, 2016; Bisin, Seror and Verdier, 2019, Saleh and Tirole, 2019, Bisin et al. 2021).

¹⁵ Relatedly, Platteau (2017) provides a thorough analysis of the instrumentalization of Islam by political leaders and studies the consequences of decentralized structure of Islam.

Voigtländer and Voth, 2015). We complement these important works by documenting the role of historical religious institutions in impacting present-day rule of law.

The paper proceeds as follows. Section 2 discusses the background. Section 3 discusses data, section 4 presents our model, while our main empirical specification and results are presented in Section 5. Section 6 presents evidence for the mechanisms. The robustness analysis is conducted in Section 7. A final section concludes. Mathematical proofs and further details on data construction, its sources, and additional sensitivity tests are relegated to online Appendices.

II. Background

We begin by discussing the historical context of the courts and religious leaders in Pakistan, followed by discussion of potential mechanisms connecting historical shrine density and rule of law.¹⁶

II.A. Shrines and Courts

Pakistan gained its independence from British Colonial rule in August 1947, when British India separated into present-day Pakistan and India. Pakistan contains 11% of the world's Muslims and is the 5th most populous country (World Population Review, 2020). Pakistan is also home to the largest number of ancient Sufi shrines (Aziz, 2001).¹⁷ Most historical sources suggest these holy Muslim shrines were constructed around the 12th and 13th centuries as tombs of Sufi saints, which have continued to be places of worship and great reverence (Suvorova, 2004). The place of death of a Sufi saint determines the location of the shrine (Gilmartin, 1988). Mughal emperors during the 16th century donated large sums of money and land to religious leaders associated with these shrines, in what historians see as an attempt to garner support from the local population (Faruqui, 2012). The shrines and associated religious leaders have continued to date. The power of these religious shrines and associated shrine leaders is likely to persist through a permanent family seat (*gaddi*). Several historians argue that shrines provide a safeguard against dilution of landed power through inheritance, since the transfer of the *gaddi* (or a religious seat) is through a sacred genealogy, where the seat is passed to the eldest son without the traditional fragmentation of property due to inheritance (Martin, 2016).

¹⁶ More detailed discussion on the structure and history of courts in Pakistan can be found in Appendix C1.

¹⁷ Other prominent places with Sufi shrines include Bangladesh, Turkey and India.

The religious leaders associated with the shrines are key to understanding the importance and influence of the shrine. The focal person of each shrine is the *sajjada nashin* (literally, the wearer of the holy turban), who is believed to be the direct descendant of the Prophet Muhammad of Islam. He acts as a trustee for all donations to the shrine and is responsible for holding traditional Sufi rituals at the shrine (Gilmartin, 1988). The power of the *sajjada nashin* or shrine trustees, derives from their followers. It is believed that the sacred genealogy of shrine trustees bestows on these religious leaders' supernatural powers. It is this claim to possess the “holy blood” via the sacred lineage of Prophet Muhammad that distinguishes them from the traditional elite and allow them to enjoy greater legitimacy among the local population, who seek shrine custodians' attention for divine intercession to solve their problems. The relationship between the shrine leader and the followers is ‘formalized’ in a “master-disciple” relationship of *peer-mureed*, where the shrine leader demands unquestioned loyalty due to his sacred blood. The allegiance of the shrine followers *mureeds* provides the shrine leaders a constituency of followers, or a potentially “captive vote bank” (Malik and Mirza, 2021, p. 13). The custodians of shrines are different from the landed elite, since they not only possess material wealth in the form of land, but also “spiritual capital” (Iyer, 2016, p. 396). Therefore, historians argue that shrine custodians can combine the traditional instruments of landed elites, such as coercion, with voluntary compliance due to their high legitimacy or standing in the community. *Sajjada nashin* played a prominent role during British rule which continues to present day Pakistan (Gilmartin, 1988; Aziz, 2001).¹⁸ Pakistan's former Foreign Minister Makhdoom Shah Mahmood Qureshi and former Prime Minister Makhdoom Yousaf Raza Gilani are descendants of shrine families, and hence trustees of shrines in Pakistan.

The high legitimacy or ties with the community of these shrine leaders may be just one of the many potential channels that may explain the influence of these religious elites. These are also wealthy landed class, they own valuable political capital by being part of influential dynasties and may be closer to voter preferences in religious constituencies in particular. In our explanation of mechanisms and section II.C below, we will discuss and disentangle several of these potential mechanisms showing that wealth, political capital and voter preferences alone are insufficient to explain our results.

¹⁸ Both Mughal emperors and British rulers have been documented to visit these shrines and donate large sums of money and land to associated shrine elites, most likely to garner support among the local population (Gilmartin, 1988; Aziz, 2001).

II.B. From Shrine Elite to Politician

A key institutional reform that brought many shrine leaders to political power following military coups is the decentralization reforms following military coups. For instance, General Musharraf's Devolution of Power Plan of 2000 introduced the local government system that allowed direct election of mayors or *Nazims* in Pakistan (Cheema et al., 2006). There is a vast amount of quantitative as well as historical evidence that many shrine leaders become political leaders following decentralizations at local, provincial and national levels (Waseem, 2006). Bringing local, state and national religious leaders to political power following military coups is a well-known strategy throughout history and in autocracies around the world (Chaney, 2013). Pakistan is no exception. Malik and Mirza (2021) argue that following the military coup of General Zia in 1977, there are more contestants and elected politicians whose honorific title is that of the shrine leader *Makhdoom*. For instance, they document that the total number of shrine elite contestants, proxied by *Makhdooms* running from elections in State and national assembly, rose from less than 15% to more than 30% following the military coup and consequent decentralization.

This is consistent with historical accounts that document more shrine leaders enter politics at local, provincial and federal level following all military coups in Pakistan. The most prominent examples are that of the former Prime Minister of Pakistan Makhdoom Yousaf Raza Giliani who became the mayor of Multan following General Zia's coup and Makhdoom Jamil Zaman who became member of National Assembly following General Musharraf's 1999 military coup. Other examples of shrine leaders becoming political leaders following the military coup include Makhdoom Shah Mehmood Qureshi, Syed Sajjad Hussain Bukhari, Makhdoom Aamri Shah, Makhdoom Shahabuddin to name a few (Aziz, 2001; Martin 2016).¹⁹ We corroborate these anecdotal accounts by providing systematic evidence on the rise of these shrine leaders to politics following the military coup of 1999.

The question, however, remains why shrine leaders contest elections more-frequently post-coup. Several explanations are possible, for instance, it may be the military regime facilitates the rise of shrine leaders to politics post-coup, since they may have strong ties with the local community and allow the military to reduce the threat of revolt. Indeed, it may be the military elite free-rides on the religious legitimacy of the shrine elites, while the religious elites provide willing alternative elites to "supplant" the rival feudal elite creating a mutually reinforcing and beneficial collusive relationship between the military and shrine elite (Aziz,

¹⁹ For context, a picture of a prominent shrine elite is presented in Figure D1 in Appendix D.

2001).²⁰ Alternatively, it could be that the rise of shrine leaders enables the military to consolidate their power via exerting more “vertical control” over these newcomers (Martinez-Bravo et al., 2021).

II.C. From Shrine Density to Rule of Law

In this subsection, we discuss how historical shrine density and rule of law may be connected. The rise of the shrine elites to politics who subvert rule of law may be one of the many channels that link historical shrine density with rule of law. The higher shrine density districts under dictatorship may also provide a more amenable environment for wealthy landed politicians or politically powerful dynasties to rise to politics. The military may aid these non-shrine, non-religious, political elites to just as effectively subvert rule of law post-coup in high shrine density districts. Alternatively, judicial decisions may be tipped more in favor of the State in high-shrine density districts because the voters’ preferences in these districts are different. Then it would be the differences in underlying political attitudes about appropriate “constraints on the executive” or differential attitudes about acceptability of corruption that voters think is justified that may in turn be driving the reduced-form relationship we observe (Acemoglu et al., 2013). While all these explanations are certainly important to some extent, in our empirical exploration of mechanisms, we test and find evidence against political dynasties, wealthy landowners and voter attitudes driving our results. Only the rise of the shrine elites to political office betrays a robust statistical relationship between shrine density post-coup.

III. Data

The shrine data is constructed from two key sources: British Colonial Gazettes and Auqaf Departments of the provincial Ministry of Religious Affairs.²¹ The British Colonial Gazettes provide data for all the shrines in Punjab and Sindh, allowing us to cover all the

²⁰ More broadly, Rubin (2017) argues that the persistence of Islamic law in the Muslim world is at least partly a consequence of the role of the political power ceded to Muslim religious authorities due to their ability to provide legitimacy to political rulers. Bisin et al. 2021 formalize this claim.

²¹ British Colonial Gazettes were official bulletins of the British government that published public and legal notices aimed at the local population in British India. Under the section fairs and festivals, they recorded the names of the shrines as well as the festivals taking place in the districts of Punjab and Sindh (for more details see Data Appendix C). Shrine data based on British Colonial Gazettes does not necessarily capture the universe of all shrines in a district, especially those which may have been constructed or politicized after the military coup. Therefore, for a cleaner identification, we make the choice in favor of predetermined albeit underestimated shrine count.

judicial district high courts within Sindh and Punjab provinces.²² The Pakistan government archives at the Provincial Auqaf Departments at the Ministry of Religious Affairs allows us to cover the remaining judicial districts in the provinces of KPK and Balochistan.²³ By combining these two shrine datasets, we are able to ascertain the number of shrines in every judicial district in Pakistan. We show as part of a robustness check that results are similar using either dataset, although we consider the British Colonial Gazettes is baseline since that was recorded as early as 1911 to obtain a pre-coup shrine density that might be most likely to proxy for this historical religious institution. The data on judicial cases come from the central repository of cases, used by lawyers in Pakistan to prepare their cases. We randomly sample 7500 cases from 1986-2016, for all 16 district high courts of Pakistan (from the total number of cases decided in this period) and match it with details on all shrines mentioned in British colonial archives and provincial Auqaf departments.²⁴ Figure D2 in Appendix D presents the map of shrine density across judicial districts of Pakistan, while Table 1 reports the descriptive statistics of the variables used in the paper.²⁵ Below we describe key outcome and explanatory variables used in the analysis. Further details on the variables, data, their sources and construction can be found in Appendices A and C.

Outcome variables. — The key outcome variable is State Wins. This is a case level measure of rule of law that we use in the paper. It is constructed based on the texts of judgment orders that contain the information on the contents of the case. Following the literature (e.g. Djankov et al., 2003; La Porta et al, 2008), we asked a law firm to code these variables. In particular, the variable called State Wins is coded as 1 for state victories and 0 for state losses, in all the cases that have the government as a party.²⁶ This includes the organs of the State yielding executive power such as local government, federal and provincial governmental agencies (in line with the conceptualization of the State as an executive organ in Montesquieu, 1748).

²² The data for Punjab and Sindh from colonial archives is compiled by the historian Rinchan Ali Mirza, for details see on this dataset see Malik and Mirza (2021). We thank him for sharing this data with us.

²³ Since the British directly ruled Sindh and Punjab, their official gazettes did not record the shrines of districts outside their geographical boundaries.

²⁴ Details on the sampling procedure as well as further information on case-level data collection is presented in Data Appendix C2.

²⁵ In the baseline regressions, instead of the originally sampled 7500 cases, we end up using 7439 observations. This is because of a few judgments whose text quality prevents detection of the name of the judge so it can be matched with judge characteristics. Nevertheless, running the regression on 7500 observations without judge controls has no significant impact on the qualitative and statistical significance of the results.

²⁶ We verify the results by comparing results across two teams of coders (see discussion in Appendix C2 and Table D1 for correlation coefficient across the two teams of coders).

We use two additional outcome variables: Case Delay and Merit, where the unit of observations is also at case level. Both these variables are also constructed based on the information available in the texts of the judgments. The former is calculated by taking the difference between the case decision year and the filing year. Merit is a binary variable, also coded by the law firm, that switches on if the decision is based on evidence rather than technical grounds (Pound, 1963). This is based on common law jurisprudence, where basing rulings on the merits of a case, i.e. on evidence and the spirit of the law rather than legal technicalities, is considered a measure of quality and rule of law (see e.g. Tidmarsh, 2009 for a discussion). Moreover, legal scholars in Pakistan also argue that basing decisions on case merits is a measure of the rule of law (Siddique, 2013; Arshad, 2017).

Main Explanatory variables. — We use cross-district data on shrine density as recorded in 1911 from British colonial archives and Auqaf Department Archives at the Ministry of Religious Affairs in Pakistan.²⁷ We measure shrine density with shrines per 1000 people in the judicial district. Specifically, we sum all shrines present in the given judicial district in 1911 and normalize this by the population in the district. This allows us to obtain the historical shrine density measure at the (judicial) district level (as presented in Figure D2 of Appendix D).²⁸ We also construct a dummy variable for the timing of the military coup, which switches on in 1999, the year when General Musharraf seized control of the government through a military coup. To examine our mechanism, we gather systematic data on local shrine political leaders in each judicial district using their honorific titles. Drawing on the available election data from official results published by the Election Commission of Pakistan, we construct a Shrine Elite variable that equals the number of shrine elites elected in each judicial district before and after the coup. Due to data availability, we only focus on State and National elections that are contested at the local level.²⁹ Figure 2 plots the national

²⁷ The Auqaf department records are taken from the earliest available year (1950). This is combined with Colonial Gazette records from 1911. This aggregation allows us to cover every district high court jurisdiction in Pakistan. We show that this aggregation is indeed justified, since the results are robust to using either dataset.

²⁸ Specifically: Shrine Density = Number of Shrines in the Judicial District Total Population in the Judicial District x 1000.

²⁹ The Election Commission of Pakistan (ECP) does not keep a database on local elections, so like Mirza and Malik (2021) we cannot use it in our analysis. However, the State and national elections are held at the local i.e. “constituency” level. Moreover, qualitative accounts indicate it is a reasonable proxy for shrine elites elected at the local elections as well since there is high correlation between shrine elites elected at national, state and local elections (see e.g. Aziz, 2001). Specifically, our focus is on State and federal elections held at the local constituency level.

trend where we note following the military coup in 1999, consistent with qualitative accounts, the number of shrine leaders elected to office increases by more than 50%.³⁰

Controls: Case, Judge and District Characteristics. — We use a combination of judgment texts, judicial administrative data, bar association and census records to construct the case, judge, and district characteristics used as control variables. The case-characteristics data, like the outcome variables, are obtained from the judgment texts. This includes case characteristics, such as the district where the case was adjudicated, the year when the case was filed, decision year, the number of judges and lawyers on a case, the case type, a dummy for whether the case involved a land dispute with the government (“Eminent Domain” cases), and so on. The data on judge characteristics is compiled from the judicial administrative records available at the Registrar Offices of the High Courts of Pakistan and provincial High Court websites. This includes information on judges' age, full name of the judge, education, previous employment and experience. Additional information on the districts where the courts are located is obtained from the census records which we digitize. All this data combined covers 7439 cases and 485 judges across all the district High Courts of Pakistan. See Table 1 for descriptive statistics of all the variables used in the paper.

IV. The Model

Pakistan’s political history has been characterized by local politics dominated by large landowning feudal politicians (Gilmartin, 1988; Aziz, 2001). However, in October of 1999, Pakistan transitioned to a military dictatorship that lasted for about 10 years. In an attempt to entrench their power, the military regime implemented a local government reform designed to weaken the traditional elites and strengthen a new breed of politicians: the dynastic shrine leaders (Cheema, Khwaja and Qadir, 2006). Our mechanism explaining the differential impact on the rule of law for high and low shrine density areas is that shrine elites were able to rise to political power following the military coup. This was facilitated through the military regime implementing a local government reform that held direct elections of mayors across Pakistan.

³⁰ In our analysis of the mechanisms, we will use the location where these politicians are elected to explicitly test if the impact of shrine density on the rule of law is indeed explained by the rise of shrine leaders to political power. As with the shrines, we once again aggregate all shrine elites elected within a judicial district.

Arguably, there are other mechanisms besides the one formalized in the model that can potentially explain the decentralization reform explaining the link between historical shrine density and rule of law. First, it may be that the decentralized reform, allows the religious leaders to wield political influence in districts with high shrine density, even when they do not run for office, thus this political influence may be compounded following the autocratic regime change via their association with non-religious or ‘secular’ political dynasties. Second, the centralized political power of autocracy and decentralization reform may make differences between high versus low shrine districts more salient in terms of the population’s underlying political or religious attitudes that may in turn impact both religious vote share and rule of law. Third, the military may also decide to exert pressure on the judiciary in high shrine density areas to decide cases in favor of religious elites even before the decentralization reform. Finally, even if we take for granted that shrine leaders rise to power following the decentralization reform and influence Courts, they might do so for reasons that are not related to their shrine leader status, but rather to their wealth. While all these mechanisms are certainly important, we show in Section VI.B that the empirical evidence does not square with many of these potential explanations but is most consistent with the rise of shrine leaders elected to office. We find no support for differential pre-trends, dynastic leaders, wealth and voting attitudes explaining our results.

In this section, we develop a model that squares the rise of shrine leaders following the military coup and local government reform by the military regime, by showing that shrine leaders used their heightened religious legitimacy to compete in and win elected office. Upon election, these shrine leaders are relatively better able than secular politicians to influence State institutions such as Courts. As a result, the rule of law deteriorates. Our model conceptualizes why this is so.

Our political economy model formalizes the logic behind the local government reform implemented by the military regime of General Musharraf and sets the micro-foundations for our empirical analysis. The model also highlights how the local government reform allowed the military regime to disrupt the power of traditional elites. The model has two stages. In the first stage, a local government reform is implemented, and both religious leaders and secular politicians choose whether or not to run for elections. In the second stage, the elected politician has the opportunity to influence judicial decisions and expropriate resources from society. We solve this game recursively and discuss the implications of the theory. Mathematical proofs are relegated to the online Appendix B.

Judicial decisions. We consider that in each judicial case, judges build scores for the two litigants. We focus on judicial cases involving two parties, the State versus a private citizen. For a judicial case c , ruled by judge j , we denote $D_{cj} > 0$ the score of the private citizen, and $P_{cj} > 0$ the score of the State. These scores are affected by the legal facts, but also by the judges' psychological biases and preferences. We assume that D_{cj} and P_{cj} are random variables, and that neither the State nor the private citizen knows their realizations before the judge adjudicates. For simplicity, we assume that both D_{cj} and P_{cj} are uniformly distributed over the segment $[0, 1]$. Elected politicians have an incentive to influence judges' decisions, as they can extract resources from the society by increasing the likelihood of the State winning cases.³¹ We denote $p \in [0, 1]$ the influence exerted by the elected politician on judges in cases that are politically salient. We can interpret this parameter as measuring the credible threat of transfer exerted by politicians on judges.³² Hence, judge j rules in favor of the State when $P_{cj} > D_{cj} - p$, and rules in favor of the private citizen otherwise.³³

In this simple framework, political influence decreases the score of the defense, so judges are more likely to rule in favor of the State when $p > 0$. Summing over judges and cases, we deduce in the Appendix B that the fraction of cases won by the state can be expressed as:

$$SW(p) = \frac{1}{2} + p\left(1 - \frac{p}{2}\right). \quad (1)$$

In this model, $SW(p)$ measures the rule of law, as it is a proxy for judicial independence from the executive authority. That is, State victories in politically salient cases may be obtained by elected politicians who bend judicial decisions in their favor to extract valuable resources from the society.

Voting decisions. We assume that a voter v derives the utility $u(v, i)$ from electing candidate i , with

³¹This is consistent with the vast anecdotal evidence from many developing countries such as Ghana, China, India, Bangladesh and Pakistan, where politicians influence judges to extract resources such as land (Feldman and Geisler, 2012). Indeed, scholars have long recognized the instrumentation of the Judiciary for this resource extraction (Coulson, 1964; Platteau, 2017)). This is also consistent with the evidence we present where a large part of the rise in government victories is explained by the government's land expropriation of private property with judicial impunity.

³² See for instance, Iyer and Mani (2012) who document how transfers of bureaucrats were used as an instrument of punishment by Indian politicians. Similar point is made for Pakistani bureaucrats by Khan, Khwaja and Olken (2019). This is also consistent with qualitative accounts that suggest that transferring of judges mechanism is likely an important channel to understand how shrine leaders may be able to influence judges (Arshad, 2017; Haq, 2018).

³³ For alternative theories on judicial decision making, see, for instance, Gennaioli and Shleifer, 2007; Epstein et al 2013, pp. 25–50 and Ash and MacLeod, 2015).

$$u(v, i) = \ln(\theta_i - \eta p_i) + \epsilon_i + \epsilon_{iv},$$

where the parameter $\theta_i > 0$ denotes the electoral advantage of candidate i , as evaluated by the voters. In this model, shrine leaders benefit from an electoral advantage, which we label legitimacy: voters derive a higher utility when they vote for a shrine leader, keeping all else equal.³⁴ Legitimacy is often rooted in internalized values and world views provided by religions, organizations or charismatic individuals. In that respect, it has been argued that Islam – through its doctrine and legal rules – has been particularly conducive to legitimizing rulers.³⁵

When a politician exerts political influence on judges, he erodes his legitimacy. The parameter $\eta > 0$ captures the marginal effect of the political influence exerted by candidate i on his legitimacy. Finally, we distinguish aggregate randomness ϵ_i from idiosyncratic randomness ϵ_{iv} , and assume that both are distributed according to a Gumbel distribution $G(\epsilon) = e^{-e^{-k\epsilon}}$, with $k > 1$.³⁶ We denote $N = \{1, \dots, N\}$ the set of candidates. Hence, candidate i is chosen by a voter v when:

$$u(v, i) > u(v, j) \text{ for any } j \neq i, j \in N.$$

We deduce in the Appendix B that the probability $\pi(p_i, p_{-i})$ that candidate i wins the election can be expressed as a contest function:

$$\pi(p_i, p_{-i}) = \frac{(\theta_i - \eta p_i)^k}{\sum_{j \in N} (\theta_j - \eta p_j)^k}, \quad (2)$$

with p_{-i} the vector of the influence exerted by i 's challengers.³⁷

Political influence. We assume that there are two types of politicians. Religious politicians derive a high legitimacy θ_r , while secular politicians derive a low legitimacy $\theta_s < \theta_r$. We denote N_r and N_s the numbers of religious and secular candidates respectively. Candidate i 's utility is given by:

³⁴ In the context of the model, legitimacy is assumed similar to the concepts of valence or popularity often used in the political economy literature.

³⁵ See, for instance, Rubin (2017) and Platteau (2017) for a detailed discussion of this point.

³⁶ The assumption $k > 1$ guarantees that the mean of the distribution $G(\cdot)$ does not diverge to infinity.

³⁷ See also Seror and Verdier (2018) for a broader probabilistic voting model relying on extreme distributions.

$$w_i(p_i, p_{-i}) = -\phi(p_i) + \pi(p_i, p_{-i}) (SW(p_i) - SW(0)), \quad (3)$$

where $SW(p_i)$ is given in (1) and $\pi(p_i, p_{-i})$ in (2). The function $\phi(\cdot)$ denotes the cost of influencing judges and is assumed increasing and convex, with $\phi(0) > 0$ the entry cost that candidates sunk when they run for the election. Upon election, politicians may extract resources from the litigants by influencing judicial decisions. The fraction of cases that are decided in favor of the State, but that should have been won by ‘society’ is $SW(p_i) - SW(0)$. Hence, in (3), when a case is wrongly decided in favor of the state, the elected politician extracts the resources at stake in the litigation, which we normalize to 1. That is an elected candidate i will exert political influence that maximizes his utility (3). Finally, each candidate decides whether or not to run for office and the optimal number of religious and secular candidates are determined by a free entry condition.

Results. Solving the equilibrium of this model, we establish the following result:

Proposition 1. Following the implementation of the local government reform by the military regime,

- (i) Politicians with religious credentials have a higher likelihood of running and winning the election.
- (ii) Upon being elected, politicians with religious credentials exert more influence on judges in politically salient cases.

The main intuition behind Proposition 1 is that politicians with religious credentials pay a smaller electoral cost when they influence Courts. Hence, high legitimacy religious candidates exert more influence on judges, and they have a higher likelihood of both becoming politicians and winning elections.

The model formalizes the logic behind our mechanism: after the coup of 1999, in order to disrupt the preexisting balance of power, the military regime implemented a local government reform that ushered the rise of a new breed of politicians: the dynastic shrine leaders. Their religious legitimacy allowed the shrine leaders to become politicians and win elections. As a result, shrine leaders were able to influence the Judiciary and extract resources from the society without incurring the commensurate cost that a secular leader would have endured. Therefore, the rise of shrine leaders to political office deteriorates the rule of law.

V. Results

V.A. The Effect of the Shrines on the Rule of Law

We use cross-district variation in shrine density and the timing of the military coup to identify the effect of shrine density on the rule of law. The main specification is as follows:

$$Y_{cjd t} = \theta + \kappa \text{Military Coup } 1999_t \times \text{Shrine Density at } 1911_d + \delta_d + \gamma_t + W'_{cjd t} \Phi + \varepsilon_{cjd t} \quad (4)$$

Subscripts c, j, d and t indexes cases, judges, district and years, respectively. Y represents the respective judicial outcome where the unit of analysis is at the case level. Military Coup 1999 is a dummy variable that switches on in the post-coup period, while Shrine Density at 1911 denotes shrines per 1000 people in the judicial district. δ_d and γ_t are district and year fixed effects while \mathbf{W} are case, judge and district controls reported in Table 1. p-values are computed from Wild bootstrap procedure due to Cameron et al. (2008) that makes a small cluster correction. The interaction between Military Coup and Shrine Density is the main variable of interest. The coefficient on this interaction term, κ , is the difference-in-differences estimator for the impact of shrine density on rule of law. Based on Cameron et al. (2008) suggestion for a small number of clusters, we apply the Wild bootstrapping procedure with the 999 repetitions. The method uses the Rademacher distribution, with the null hypothesis imposed. It converts the t-statistic from the Wald test, inverts the test, as described in Cameron et al. (2008) to compute the bounds of the confidence set under the number of clustered imposed (which in our case is 16 divisions). From this it plots the “confidence curve” underlying this calculation which gives the bootstrapped p-valued, which are the limits of the confidence set under the specified (16) clusters.³⁸

Table 2 estimates equation (4) using State Wins as the dependent variable. We find that a standard deviation (0.005) increase in shrine density increases State Wins by about 5 percentage points following the coup. In all specifications, we find a positive and statistically significant estimate of the coefficient on the interaction term between shrine density and post-coup dummy. The coefficients are similar with and without a large number of controls (listed in Table 1), suggesting that the military coup acts as a plausibly exogenous shock to the local district high courts.

³⁸ We implement this test using bootest due to Roodman et al. (2019). We also show results are robust to alternate repetitions of 2000 and 3000 (in Table D7).

Many anecdotal accounts argue that more rulings in favor of the government imply a deterioration of the rule of law in Pakistan. This is because many of the rulings in favor of the government are believed to come at the expense of poorer enforcement of property rights and land expropriation by the State (Arshad, 2017).³⁹ Nevertheless, it may be reasoned that the rise in State Wins do not necessarily capture deterioration in the rule of law. This may occur, for instance, if the expropriated land is put to productive use. This, however, seems unlikely given anecdotal accounts as well as the evidence we present next: we leverage anecdotal accounts that suggest that judges in Pakistan delay cases as a strategy to favor State authorities. This becomes obvious when government officials use the expropriated land for their private benefit while the court case is pending (Siddique, 2013). Therefore, we next estimate equation (4) by considering Case Delay as the outcome variable. Panel A of Table 3 presents these results: a standard deviation (0.005) increase in shrine density increases Case Delay by about 0.2 years or 2.5 months. This is equivalent to about 6% increase since average Case Delay is about 3 years.⁴⁰

Finally, it may still be argued that the increase in Case Delay following the coup may stem from more thorough deliberation on the cases. If that were true, increased Case Delay could be interpreted as an improvement in the quality of judicial decisions. Yet, our confidence that the increase in State Wins and Case Delay implies a deterioration in the rule of law is increased when we examine cases decided on the “merits” or evidence of the case. Indeed, legal scholarship in Pakistan argues that making decisions on the merits or evidence as opposed to legal technicalities is a measure of rule of law since governments use rulings on technicalities to “unfairly favor State authorities”.⁴¹ We, therefore, examine how historical shrine density differentially impacted case Merits following the coup. These results are reported in Panel B of Table 3. The estimates imply that a standard deviation increase in shrine density decreases Merit decisions by about 6 percentage points (Table 3, Panel B, Column 4). Overall, the results presented in Table 2 and Table 3 paint a consistent picture that increase in shrine density deteriorated the rule of law.

³⁹ In the next subsection V.C we examine the type of cases driving the results and show that land expropriation by the State is key in explaining this rise in ruling in favor of the government.

⁴⁰ It is noteworthy, however, that without any controls, the impact of shrine density on Case Delay is imprecisely estimated with the bootstrapped p-value of 0.13. Nevertheless, the addition of controls allows for gains in precision and statistical significance at conventional significance level. For instance, if we estimate the baseline specification (1) using Case Delay as the dependent variable, the coefficient on our main variable of interest is significant at p-value of 0.04.

⁴¹ For instance, ruling on technicalities in Pakistan is a “weapon of choice to rule unfairly” (Haq, 2018) and that judges use decisions on technicalities to “favour the state authorities” (Arshad, 2017).

V.B. Threats to Identification

The validity of our difference-in-differences approach rests on two key identifying assumptions. First, judicial outcomes should have followed parallel trends in the absence of the 1999 military coup. Although, we cannot test this assumption directly, we can evaluate if there are differential trends in high and low shrine density districts before the coup. In Figure 3, we find no evidence for differential trends prior to the coup.⁴²

Second, there should be no confounding interactions with the coup. For instance, our results may be driven by differences in type of cases or differences in judges before and after the coup. We provide evidence against this possibility. The first possible confounding interaction is that judicial cases filed following the coup in high shrine-density districts differ from those filed before the coup. If, for example, loss of faith in the judicial system following the coup disproportionately altered the type of cases filed in high shrine density districts, then we could be picking up the effect of strategic filing of cases instead of the effect of the shrines (Hubbard, 2013), although this would be competing mechanism driving the relationship between historical shrine density and rule of law, rather than a direct threat to identification, we nevertheless, show that in high shrine-density areas there are no significant changes in type of constitutional or criminal cases filed nor characteristics of cases such as number of lawyers on a case change following the coup (see Figure 4, Panel A).⁴³ Likewise, in Table D3 of Appendix D, we show that interaction of historical shrine density and post-coup dummy is uncorrelated with a long list of case characteristics. We interpret these results in the light of recent evidence from Acemoglu et al. (2020) that documents litigants in Pakistani courts to be unaware of reductions in case delay when they occur and that informing them about fall in delays increases their likelihood of using the formal courts.⁴⁴ Together, these results suggest that the coup did not induce a change in case-filing behavior in high versus low shrine density districts.

Another related concern is that there could be different judges ruling over cases in high shrine density districts following the coup. This may be possible since following the 1999 military coup, some judges resigned in protest. If the most independent judges exited

⁴² Similar evidence of no differential trends prior to the coup is found for Case Delay and decisions on Merit.

⁴³ Identical results are obtained for land and human rights cases and other available case characteristics.

⁴⁴ Nevertheless, further empirical support from more granular data is needed to investigate whether the changes in case filing behavior post-coup in high versus low shrine density districts is a confounding mechanism driving the results

the courts, then the numerous State Wins we observe in high shrine-density districts could reflect the effect of this endogenous exit of judges. However, this is unlikely for two reasons. One, less than 3% of judges in the High Courts exited office following the 1999 military coup, and two, we find evidence that judge characteristics in high and low shrine density districts are similar before and after the coup. Specifically, in Figure 4 (Panel B), we show that high shrine-density districts do not have particularly different judges following the coup. Identical results are found for other available characteristics (see Figure D4 in Appendix D).⁴⁵ The evidence we present, therefore, indicate that our results are unlikely to be confounded with case or judge characteristics interacting with the military coup.

V.C. Type of Cases Driving the Results

In this subsection, we present evidence on the type of cases driving our results. These turn out to be land expropriation and human rights abuse cases involving the State. Land disputes or “Eminent Domain” cases involving the State are one obvious instance where resources are at stake for the government to capture. Indeed, Coulson (1964) has argued that politicians use land to consolidate their power throughout the Muslim world and that local politicians “instrumentalize” the Judiciary to this end. Thus, consistent with these historical accounts, we show how shrines impact judicial decision-making in land disputes involving the State. These results are reported in Table 4. In the first two columns of Table 4, we estimate equation (4) for cases involving land disputes with the government without and with the full set of controls, respectively. The results indicate that in cases involving land disputes with the government, a one standard deviation increase in shrine density increases State Wins by about 8 percentage points.

Tangible resources are not the only resources that governments may want to expropriate. Several historical case studies from developing countries suggest that governments also expropriate political rights as a way to consolidate their power (Platteau, 2017). One example from Pakistan is the expropriation of the political right to citizenship, when the citizenship of an opposition leader was “canceled” just days before he was to lead a protest against the government (Naseer, 2019). Therefore, we consider next how the military

⁴⁵ Later we provide further evidence where we show our coefficient in main equation (4) is essentially stable even when we add a large list of interactions of case, judge and district characteristics with the post-coup dummy.

coup and shrine density impacted human rights cases involving the State. These cases are separately marked as writ petitions within the constitutional cases and pertain to violation of fundamental rights such as freedom of movement, right to an education and freedom of assembly. We observe qualitatively and statistically meaningful impact of shrines in human rights cases: a standard deviation increase in shrine density increases State Wins by about 7 percentage points (Column 3 and 4, in Table 4). This is also consistent with discussion by historians on shrine leaders. For instance, Aziz (2001, p. 159) notes that shrine elites violate the fundamental right to an education where “*even the most superficial kind of public instruction might push some of his spiritual slaves out of their prison of superstition and unthinking obedience. Education is a plague which he does not want his flock to catch*”.

In contrast to politically salient cases involving expropriation of land and political rights cases, politicians may have little incentive to affect judicial decisions in cases where coveted resources are not at stake. For instance, everyday criminal cases involving theft or burglary are relatively less politically salient than land and political rights cases.⁴⁶ To further examine the political influence channel, we conduct a placebo test where we evaluate the impact of shrine density on State Wins for criminal cases, where the State acts as the prosecution (State Wins here can be interpreted as conviction rates).⁴⁷ Table 5 presents these results. We find none of the coefficients to be statistically significant. In fact, in most specifications, the coefficient estimates corresponding to the interaction terms of interest are negative. Thus, State Wins increase with shrine density only in land and political rights disputes with the government, not in everyday criminal cases. This is consistent with the political influence channel, where we observe the impact of shrines only when the stakes include resources of value to politicians.

V.D. Economic value of land expropriated due to Shrines

We find that shrines only affect judicial decisions in land and political rights disputes with the government. Although it is hard to evaluate the economic effect of the expropriation of political rights on economic outcomes, we can estimate the potential economic value of the additional land expropriations due to shrines. We use the fact that in 20% of our 7500

⁴⁶ The persecution of political opponents and other politically salient criminal cases in Pakistan are adjudicated in special National Accountability Bureau (NAB) Courts, hence the criminal cases in the district high courts, the focus of our study, are apolitical in nature.

⁴⁷ Criminal cases are cases involving petty crime, theft, burglary and minor fraud. An examination of random sample of 100 cases confirms this conjecture.

sampled cases, the government was successful in expropriating land, and since we randomly sampled 0.2% of the total population of cases, the government was successful in expropriating land in about 750,000 cases.

Basing computations on the average value of expropriated land in our sampled cases, we estimate that a standard deviation increase in shrine density results in additional land expropriation of about 0.06% of GDP per year.⁴⁸ In dollar terms, this equals about USD 180 million and is slightly more than what the federal government spent on healthcare in 2016 (Pakistan Bureau of Statistics, 2016).

Considering lower and upper bounds due to yearly fluctuations building on methodology developed by Mian and Khwaja (2005), we estimate the amount of land expropriation due to one standard deviation increase in shrines ranges from 0.03% to 0.09% of GDP from 1986-2016 (bounding by maximum and minimum year).⁴⁹ This, when interpreted together with the vast literature that documents property rights protection and reduction of expropriation risk is critical for economic development, suggests that increase of political power of religious leaders may lead to substantial weakening of property rights protections and consequently adversely impact long-run economic development.⁵⁰

VI. Mechanisms

In this section, first we present several pieces of evidence in favor of the mechanism that the impact of historic shrines on judicial decisions is explained by the rise of religious leaders to political power. Second, we test and provide evidence against three competing explanations that may instead explain the relationship between historical shrine density and judicial decisions. Finally, we estimate an alternate instrumental variable specification that makes the interpretation of the mechanism more salient and complements our baseline difference-in-differences reduced form specification by providing both the first and second stage relationships.

VI.A. *A Mechanism: Shrines, Religious Leaders and their Rise to Political Power*

⁴⁸ We infer the average value of expropriated land from valuations presented in judgment texts. We have a value of 57 expropriated properties mentioned in the judge text which we average for our computation (i.e. the average value of expropriated property comes out to be USD 51,280).

⁴⁹ Table D2 and the accompanying note in Appendix D provides further information on this computation.

⁵⁰ See Besley and Ghatak (2010) for a review of this literature.

As highlighted in our model, a potential mechanism driving the relationship between historical religious institutions and the rule of law is the rise of shrine leaders to political office in high shrine districts where they enjoy high legitimacy. To test for this mechanism, we begin by estimating the effect of shrine density on government victories by percentile of shrine elite elected in the district. Specifically, we estimate the baseline equation (4) with State Wins as the dependent variable by percentiles of shrine elite elected in the respective districts. For instance, 0 percentile denotes cases where no shrine elite was ever elected, whereas 75-100 percentile bin contains estimates based on the cases in districts where the largest number of shrine elites were elected during our sample period. Panel A of Figure 5 reports the results: remarkably even with a small number of districts, we find that the positive relationship between shrine density and government victories following the coup *only* holds in districts where shrine leaders win political office.

Second, we turn our focus to cases that *squarely* involve the shrine elite. That is, we consider the subsample of cases where the honorific of shrine elite (*Makhdoom*) appears as one of the litigants and construct an indicator variable that switches on when shrine elite obtains a favorable verdict. These are the instances where the religious leaders have plausibly the largest incentives to influence the courts. We estimate equation (4) using this indicator variable as the dependent variable. Panel B of Figure 5 presents these results on the effect of shrine density on *shrine elites' legal victories* by percentiles of shrine elite elected in respective districts. We observe that the effect of shrine density on shrine elites obtaining victories in legal cases, is also only observed, if shrine elites are elected to political office in these districts. In corroboration of our earlier finding for State Wins, the districts where no shrine elites are elected, the shrine density has no significant impact on favorable judicial decisions for the shrine elite, while there is an almost monotonically increasing relationship between shrine density and shrine elites' legal victories following the coup. That is, as more and more shrine leaders rise to political office, the effect of shrine density following the coup becomes more pronounced (Figure 5, Panel B). This implies that the effect of shrine density only matters when there are shrine elites that can capture the religious legitimacy from shrines upon rising to political power. Last, we directly estimate the 'first-stage' relationship between shrine density and elected shrine elites. Column (1) of Table 6 reports these results. The results are both qualitatively and statistically significant: a standard deviation increase in shrine density results in roughly 2 more shrine elites elected to office. Taken together, the evidence paints a consistent picture that the rise of shrine elites to political office is a key likely explanation linking historical shrine density and rule of law following the coup.

We define the State as the local, federal or provincial government which is consistent with the Montesquieuian idea of the State being an executive organ. There might be some cases where the collusion between State and shrine elite takes place, for instance, when the shrine elite is the mayor and state is the local government which the shrine would head. Nevertheless, there would be many cases when interests of shrine elite and the State may not be completely aligned, for example when the shrine elite is the mayor but the State is the federal government that wants to maintain “vertical” or centralized control (Martinez-Bravo et al., 2021). The evidence is consistent with this when we compare the correlation coefficient between shrine elite and state victories which is small (and equal to 0.08) and the fact that figure on State Wins (Panel A) and Shrine Elite Wins (Panel B) are dissimilar.

VI.B. *Alternative Mechanisms: Wealth, Political Dynasties and Religious Vote*

As alluded to earlier, the rise of the religious leaders to politics may be just one of the many potential mechanisms that connect the reduced form relationship we document between historical shrine density and rule of law. First, the military regime that came to power in 1999 could have facilitated the rise of wealthy landed politicians who are more effective at subverting the Courts (Gilmartin, 1988; Aziz, 2001). Second, the military regime may also create a more favorable environment for dynastic non-shrine political leaders to win political office who can use political capital to undermine the rule of law.⁵¹ Third, the military regime itself influences the courts in high-shrine density districts due to differences in underlying religious-politico constraints in these districts. Any of these factors could, in theory, provide an alternative explanation for the observed reduced form relationship documented in Table 2. The empirical evidence, however, does not support any of these hypotheses.

To test these alternative explanations, we combine several unique data sets. First, we construct a list of large landowning politicians from large farmers registered at the Pakistan’s Ministry of Agriculture and combine it with a list of wealthy politicians listed in “Who Owns Pakistan?” a prominent book by the Pakistani investigative journalist Shahid-ur-Rahman. The large landowning cotton and sugar barons of Pakistan are traditional landed elite who are notorious for using their political office to seek rents through the legal system (see e.g.,

⁵¹ This is also important given shrine elite are also dynastic leaders though they are different from traditional political dynasties prevalent in South Asia including Pakistan. Therefore, testing this mechanism also allows us to disentangle the effect of religious leaders from political dynastic leaders per se.

Herald, 2011). Nevertheless, unlike shrine leaders who derive their legitimacy to rule from religious shrines, cotton barons have typically relied on more traditional means of control such as coercion (Malik and Mirza, 2021). We also construct a novel data set on dynastic political leaders, dynasties absent the shrine elite honorific, and religious party vote shares at local level from the election data available at the Election Commission of Pakistan.

Next, we estimate baseline specification (4) and replace it with the following dependent variables: cotton barons elected, non-religious political dynasties elected and vote share of Islamist parties. Columns (2), (3) and (4) of Table 6 report these results. We observe that in high shrine districts, large landowning politicians do not deteriorate rule of law when they win elected office following the coup. Likewise, similar to the effect of large landowners, we do not find much evidence for dynastic political leaders driving the results with these political leaders being uncorrelated with shrine density post coup. Finally, we also find no support for the argument that increase in religious vote share in high-shrine density districts following the coup explains the link between shrine density and rule of law.⁵²

Taken together, our results support the arguments put forth in Rubin (2017) and Platteau (2017) and more recently in Bisin et al., (2021) and Bentzen and Gokmen (2021), as well as our model, that absent the religious credentials, or *legitimacy*, not wealth from large landholding, political capital from dynasties or changes in voter preferences post-coup is the most likely explanation driving our results.

VII. Robustness

Evidence against Confounding Interactions. — We provide evidence against potential confounding interactions of judge and case characteristics post-coup. In Table 7, we add post-coup interactions with all available case, judge and district characteristics. Even including this large list of interaction terms in the main specification (4) does not change the stability of the coefficient estimate relative to the baseline estimates in Table 2. Remarkably, the estimates only become more precise. This strongly suggests that determinants of State Wins are unlikely to be correlated with interaction of shrine density and the coup.

⁵²Comparing the magnitude of the coefficients in Table 2 and Table 6, we can argue that on average, it may take several shrine elites being elected to explain their aggregate influence on judicial decisions, as suggested by the point estimates in Table 2.

Are the estimates reflecting particularly high judicial dependence before the coup? —The positive and statistically significant coefficient estimate of κ in equation (4) does not necessarily reflect an increase in State Wins in high shrine-density districts following the coup. It is possible that the positive coefficient of κ we observe is due to a correction of particularly low State Wins in these districts prior to the coup. For example, the military regime may restore balance by correcting the disproportionately low State Wins in high shrine-density districts prior to the coup. We explore this possibility by examining the average State Wins in historically high and low shrine-density districts before and after the coup. If State Wins is decreasing in shrine density prior to the coup, while following the coup State Wins is constant for high and low shrine density districts, then the observed $\kappa > 0$ might indeed reflect the post-coup correction of particularly low State Wins prior to the coup in the high shrine-density districts. Figure 6 plots average State Wins and shrine densities before and after the coup. We observe that State Wins are roughly constant prior to the coup, whereas average State Wins are increasing in shrine density following the coup.⁵³ This observation is robust to both district-wide averages (left panel) as well as district-year averages (right panel).⁵⁴ This implies that following the coup, the positive coefficient of κ we observe not a correction of particularly low pre-coup State Wins in high shrine-density districts.

Alternative Explanation.—One alternative explanation that might be driving the results is the 17th Amendment to the Constitution of Pakistan passed in December 2003. This amendment included a package of reforms that gave legislative support to the military coup of 1999. Nevertheless, this legislation had an important clause that might have impacted the Courts: Presidential power to “dissolve national assemblies” was subjected to judicial review by the Supreme Court. This could be an alternative mechanism driving the results, if local district high courts followed the precedents of higher State Wins set by the Supreme Court following the coup. It could be that the Supreme Court judges wanted to signal compliance with the military regime by ruling in favor of local religious leaders, and the lower courts followed suit.⁵⁵ We examine this alternative channel by including an additional interaction term of

⁵³ Similar results hold for Case Delay and Merit decisions. Figure D3 and D4 in Appendix D shows that case delay is roughly constant prior to the coup and increases sharply following the coup (Figure D4). Likewise, Merit decisions are roughly constant prior to the reform, and fall following the coup (Figure D5).

⁵⁴ The district-year averages is the more relevant comparison, since we exploit variation across district-years in our difference-in-differences estimation.

⁵⁵ We do not have a common identifier for cases across the High and Supreme Courts to empirically examine this dependence.

shrine density with a dummy that switches on for the period for which this law was in effect (2004-2009).⁵⁶ Table 8 (column 1 and 2) presents these results. We observe that there are no differential effects on State Wins over the baseline impact of shrines following the coup.

Additional Sensitivity Checks. —In this subsection we present additional robustness checks. Figure 6 shows that shrine density is particularly high in some districts (for instance, Sukkur and Bahawalpur have 0.015 and 0.013 shrines per 1000 people compared to the average 0.005). It could be that the positive relationship between shrine density and State Wins we observe post-coup is primarily driven by changes occurring in these potentially “outlier” districts. To examine this possibility, we estimate an interaction specification with a dummy that switches on for all districts, except for the ‘outlier’ districts of Bahawalpur and Sukkur. Column 3 and 4 of Table 8 presents these results, without and with the full set of controls, respectively. We observe no differential effect of exclusion of outliers on government victories. We find that cases from idiosyncratic districts are not driving the results. That is, our results are robust to consecutively dropping cases from individual district courts with replacement. In Column (1) of Table D4, we reproduce our result with the full sample of 16 districts. We then estimate the baseline specification by dropping all cases in each of the 16 districts with replacement. The coefficient estimates are stable with results statistically different from zero at conventional significance levels, suggesting that our results are not driven by a specific outlier district. Likewise, since we combine two datasets to obtain shrine density data across all district courts of Pakistan (i.e. from British Colonial Gazettes and Auqaf Department, Ministry of Religious Affairs), we test for dependency of the results on our choice of dataset. Similar to the outlier exclusion test, we construct a dummy variable that switches on when the shrine data is from the Colonial Gazettes and takes the value zero if it is from the Auqaf Department. The results in Table 8 (Columns 5 and 6) suggest the results may be explained by the Auqaf Data and we observe a loss of precision in estimation of the main coefficient of interest but the point estimates are still similar even with inclusion of this interaction term.⁵⁷ Finally, we present evidence against strategic filing of cases

⁵⁶ This law went into effect in January 2004 and was abolished in early 2010 after the democratic government passed the 18th Amendment to the Constitution of Pakistan that took away the President's power to dismiss parliament (making judicial review of the act redundant).

⁵⁷ We also examine the robustness of the results to the 17th amendment, exclusion of potential outliers and choice of shrine dataset for Case Delay and Merit Decisions variables, where we obtain similar results. These robustness tests are presented in Table D5 in Appendix D. Further we show that our results are unlikely to be driven by the number of repetitions chosen in the bootstrapping procedure. We use the standard default repetitions of 999 suggested in Roodman et al. (2019) for wild bootstrap but the results are essentially identical if we choose 2000 or 3000 repetitions (see Table D7).

(Hubbard, 2013). Table D6 in Appendix D presents these results. We find total case filing, total constitutional cases filed, and total criminal cases filed are similar in high and low shrine density districts following the coup. This suggests strategic case filings in high and low shrine districts following the coup are unlikely to explain our results.⁵⁸

VIII. Conclusion

In this paper, we studied how historical religious institutions impact rule of law and how their influence is explained by the rise of religious leaders to political power. To identify plausibly causal effects, we exploit the unanticipated timing of a military coup that brought many religious leaders to political power. We demonstrate that areas with a higher historical presence of religious shrines show a large increase in government victories in Court following the military coup and a lower quality of judicial decisions. We present evidence that this deep effect of religion on rule of law was the result of religious leaders rising to politics. The shrine leaders upon winning political office subvert the courts in exactly the cases that are most salient to them. Our estimates indicate that the additional land expropriation resulting from the rise of these religious leaders to politics is in the range of 0.03% to 0.09% of GDP every year.

The analysis reveals that not only did Pakistanis had to endure military rule and consequent human rights abuses (Siddique, 2013). They also had to pay the price of the militaries' strategy to entrench their power: the rise of religious leaders to politics, and the consequent deterioration of the rule of law that materialized through the political instrumentalization of justice where religious leaders indulged in more land expropriation and political rights abuses. Long after General Musharraf's regime ended, the shrine elites continued to rule at local, State and national level, and plausibly undermined the rule of law.

Beyond the threat of obscurantism typically associated with widespread religious belief, religion may deeply interact with the functioning of formal institutions, with clergy seeking rents through the legal system. In particular, the inexorable tendency of religion to diffuse into institutions and politics still weighs on the path of prosperity of many devout

⁵⁸ We find almost identical results when we conduct similar sensitivity tests for Merit and Case Delay variables (results are available on request).

societies. For these reasons, the political economy of religion deserves to be the focus of greater attention in future research as well.

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Tables and Figures

Table 1: Descriptive Statistics

Variables	Observations	Mean	Std. Dev.	Min	Max
<i>Panel A: Outcome Variables and Case Characteristics (by cases)</i>					
State Wins	7,439	0.50	0.50	0	1
Case Delay	7,439	3.33	2.47	0	23
Merit	7,439	0.62	0.48	0	1
Shrine Elite Wins	811	0.49	.50	0	1
Year Filed	7,439	1999.69	9.53	1970	2016
Year Decision	7,439	2003.03	8.88	1986	2016
Constitutional Cases	7,439	0.72	0.44	0	1
<i>Land Cases</i>	7,439	0.41	0.49	0	1
<i>Human Rights Cases</i>	7,439	0.31	0.46	0	1
Criminal Cases	7,439	0.28	0.44	0	1
Pages of Judgment Order	7,439	8.88	7.71	1	81
Number of Lawyers	7,439	4.04	3.62	1	32
Number of Judges on a case	7,439	1.81	0.84	1	5
Chief Justice on Bench	7,439	0.06	0.24	0	1
<i>Panel B: Judge Characteristics (by judges)</i>					
Tenure at Decision	485	3.08	2.22	0	22
Gender	485	0.96	0.18	0	1
Promoted to SC	485	0.05	0.23	0	1
Former Judge	485	0.11	0.31	0	1
Fr. Office-Holder Bar. Ass.	485	0.57	0.49	0	1
Former Lawyer	485	0.89	0.31	0	1
Post-Reform Judge	485	0.28	0.45	0	1
<i>Panel C: Treatment Variables and District Characteristics (by district-year)</i>					
No. of shrines per 1000	448	0.005	0.005	0	0.016
Military Coup	448	0.620	0.485	0	1
# of Shrine Elites Elected	448	7.704	4.429	0	26
Total Judges in district	448	14.92	5.875	6	30
Area (sq. km)	448	4297.55	3198.99	906	13297
Population	448	2300400	2497923	22454.11	1.14E+07
Density (per sq. km)	448	1179.00	1834.02	8.46	9023.83

Note: This table reports the summary statistics for the baseline sample of 7439 cases, 485 judges covering the District High Courts in Pakistan over the 1986-2016 period

Table 2: Impact of Shrine Density on State Wins

	(1)	(2)	(3)	(4)
	<i>State Wins</i>			
Shrine Density 1911 X Coup 1999	9.318** [0.019]	9.693** [0.020]	9.566** [0.022]	9.652** [0.024]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District Controls	No	Yes	Yes	Yes
Case Controls	No	No	Yes	Yes
Judge Controls	No	No	No	Yes
Observations	7,439	7,439	7,439	7,439
R-squared	0.045	0.045	0.052	0.055
Mean Dep. Variable	0.502	0.502	0.502	0.502

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table 3: Impact on Decision Quality – Case Delay and Decisions on Merit

Panel A: Case Delay				
	<i>Case Delay</i>			
	(1)	(2)	(3)	(4)
Shrine Density 1911 X Coup 1999	56.87 [0.133]	39.58* [0.063]	41.52* [0.070]	41.04** [0.047]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District Controls	No	Yes	Yes	Yes
Case Controls	No	No	Yes	Yes
Judge Controls	No	No	No	Yes
Observations	7,439	7,439	7,439	7,439
R-squared	0.082	0.084	0.086	0.086
Mean Dep. Variable	3.33	3.33	3.33	3.33
Panel B: Decisions on Merit				
	<i>Decisions on Merit</i>			
	(1)	(2)	(3)	(4)
Shrine Density 1911 X Coup 1999	-9.587** [0.042]	-12.10*** [0.001]	-12.42*** [0.001]	-12.28*** [0.001]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District Controls	No	Yes	Yes	Yes
Case Controls	No	No	Yes	Yes
Judge Controls	No	No	No	Yes
Observations	7,439	7,439	7,439	7,439
R-squared	0.079	0.080	0.085	0.086
Mean Dep. Variable	0.625	0.625	0.625	0.625

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. In Panel A, the dependent variable is case delay, it is the time it takes for the case to be decided relative to the filing year, while in Panel B, the dependent variable is Decisions on Merit, this is a dummy variable that switches on if the case is ruled on evidence or merits of the case, relative to a technicality. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table 4: Impact on State Wins (by type of Constitutional Case)

	Land Cases		Human Rights Cases	
	<i>State Wins</i>			
Shrine Density 1911 X Coup 1999	13.49*** [0.007]	17.31*** [0.004]	14.45** [0.012]	13.71** [0.046]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District Controls	No	Yes	No	Yes
Case Controls	No	Yes	No	Yes
Judge Controls	No	Yes	No	Yes
Observations	3,041	3,041	2,345	2,345
R-squared	0.082	0.088	0.051	0.057

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table 5: Placebo on Case Type – Impact on Criminal Cases

VARIABLES	(1)	(2)	(3)	(4)
	<i>State Wins (Criminal Convictions)</i>			
Shrine Density 1911 X Coup 1999	-2.534 [0.690]	0.0267 [0.999]	-1.722 [0.811]	-1.813 [0.766]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District Controls	No	Yes	Yes	Yes
Case Controls	No	No	Yes	Yes
Judge Controls	No	No	No	Yes
Observations	2,075	2,075	2,075	2,075
R-squared	0.072	0.072	0.079	0.086

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table 6: Exploration of Mechanisms

	(1)	(2)	(3)	(4)
	<i>Shrines Elite Elected</i>	<i>Large Landowner s Elected</i>	<i>Dynastic Leaders Elected</i>	<i>Religious Parties vote share</i>
Shrines Density 1911 X Coup 1999	446.67*** [0.003]	10.79 [0.314]	89.36 [0.153]	0.578 [0.523]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
Judge, Case and District Controls	Yes	Yes	Yes	Yes
Observations	7,439	7,439	7,439	7,439
R-squared	0.613	0.734	0.590	0.515
Mean of dependent variable	8.90	1.607	7.955	0.0537

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable in Column (1) is the number of shrine elites elected in a district. In Column (2) the dependent variable is Large Landowners. These are the number of cotton magnates elected in the district. In Column (3) Dynastic Leaders Elected are all non-shrine dynastic leaders elected over the sample period and switch on when elected politicians take the following last names: Bhutto, Sharif, Hoti, Khattak, Khokar and Leghari. Finally, in Column (4), the dependent variable is the religious vote share in the district, as measured by vote share of two largest Islamist parties: Jamaat-e-Islami and Jamiat Ulema-e-Islam (F). Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1.

Table 7: Evidence against Confounding Interactions with the Coup

	(1)	(2)	(3)	(4)
	<i>State Wins</i>			
Shrine Density 1911 X Coup 1999	9.652** [0.020]	10.45** [0.015]	10.65** [0.012]	10.79** [0.018]
District and Year Fixed Effects	Yes	Yes	Yes	Yes
District, Case and Judge Controls	Yes	Yes	Yes	Yes
Case Characteristics X Coup 1999	No	Yes	Yes	Yes
Judge Characteristics X Coup 1999	No	No	Yes	Yes
District Characteristics X Coup 1999	No	No	No	Yes
Observations	7,439	7,439	7,439	7,439
R-squared	0.055	0.061	0.062	0.063
Mean Dep. Variable	0.502	0.502	0.502	0.502

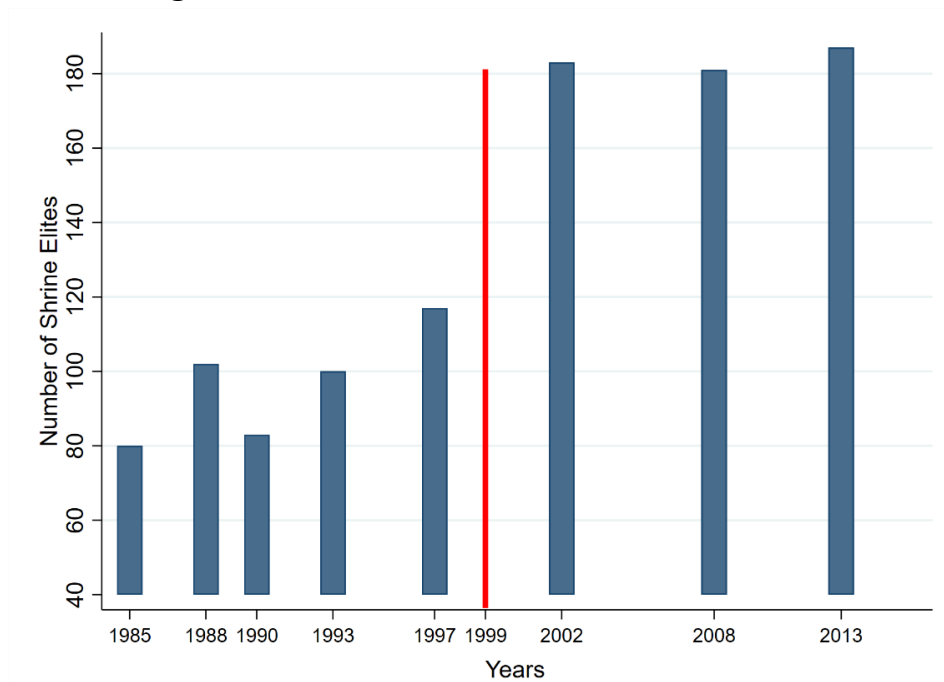
Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1 as well as their interactions with the post-coup dummy. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table 8: Robustness Tests: 17th Amendment, Outliers and Shrine Dataset

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>State Wins</i>					
Shrine Density 1911 X Coup 1999	9.160** [0.037]	9.583** [0.018]	9.448* [0.070]	9.711** [0.016]	7.315 [0.181]	8.737 [0.235]
Shrine Density 1911 X 17 th Amendment X Coup 1999	0.436 [0.891]	0.198 [0.942]				
Shrine Density 1911 X Outliers Excluded X Coup 1999			-0.749 [0.863]	-0.651 [0.891]		
Shrine Density 1911 X Colonial Gazette X Coup 1999					2.075 [0.553]	0.909 [0.792]
District and Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
District, Case and Judge Controls	No	Yes	No	Yes	No	Yes
Observations	7,439	7,439	7,439	7,439	7,439	7,439
R-squared	0.045	0.055	0.045	0.055	0.045	0.055
Mean dependent variable	0.502	0.502	0.502	0.502	0.502	0.502

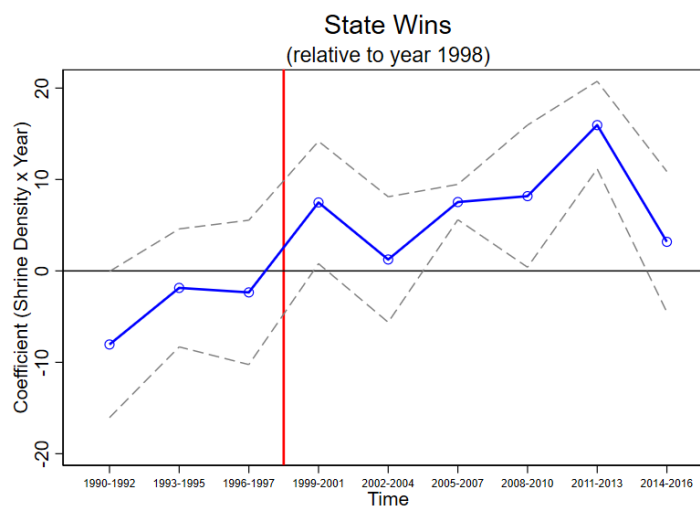
Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The 17th Amendment is a dummy switch for the period when this law was in effect (2004-2009). Outlier Excluded is a variable that switches on for all districts, except for the outlier districts of Bahawalpur and Sukkur. Colonial Gazette is a dummy that switches on when the shrine data is from the Colonial Gazettes and takes the value zero if it is from the Auqaf Department. The controls include all district, case and judge characteristics shown in Table 1. The case also controls case-type fixed effects and additional interactions to account for differential effects post-coup. *** p<0.01, ** p<0.05, * p<0.1

Figure 1: Number of Shrine Elites and Elections



Note: The figure above shows the number of shrine elites contesting elections in every national and State election from 1985 to 2016 that were held at local (constituency) level. This includes State and national elections of 1985, 1988, 1993, 1997, 2002, 2008 and 2013. The honorific title of “Makhdoom” and “Syed” is used to determine the identity of the shrine leader. The data taken from official results published by the Election Commission of Pakistan. The vertical line marks the 1999 military coup by General Musharraf.

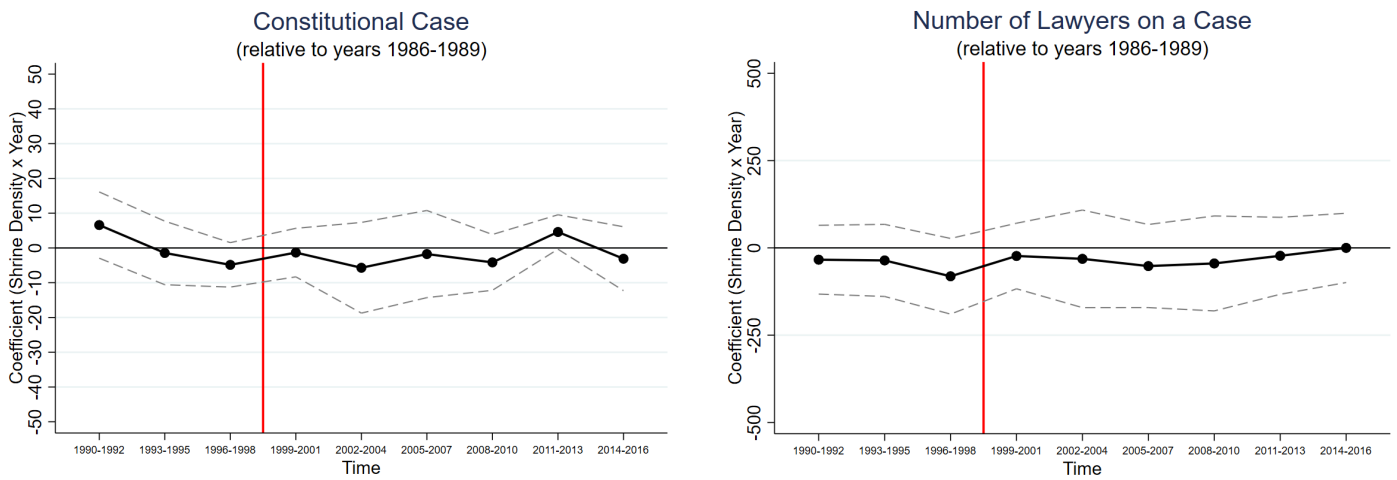
**Figure 2: Time varying impact of military coup (90% CI)
State Wins coefficient over time**



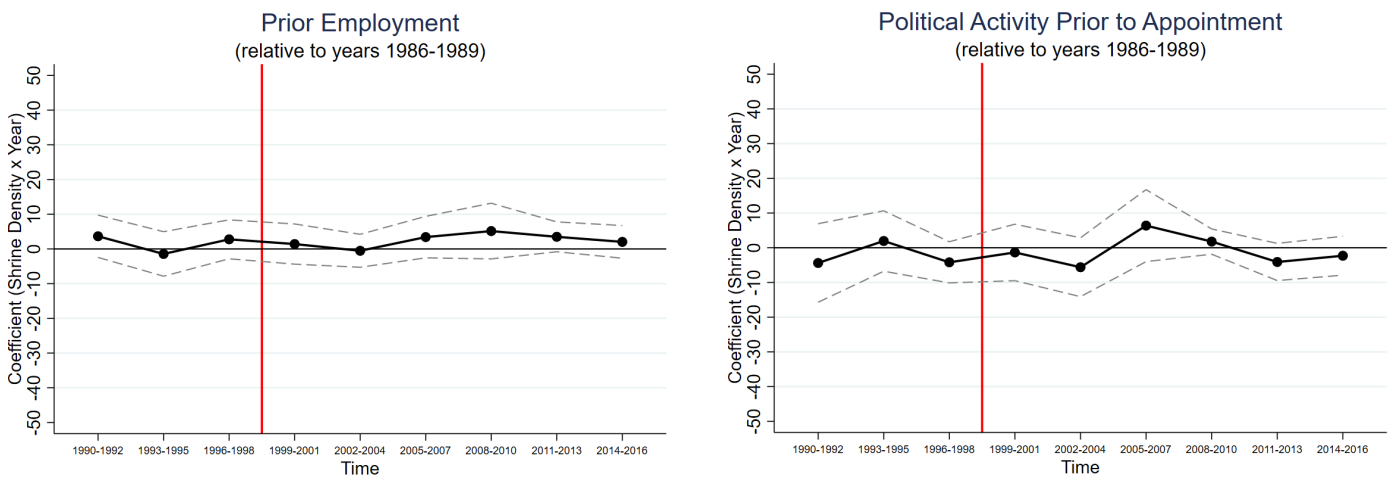
Note: The Figure presents coefficients and the corresponding 90% confidence intervals in the regressions of State Wins on 2-year interval dummies interacted with shrine density in the district along with case, judge and district controls as well as district and year fixed effects. Cross-sections between 1986 to 1989 are held as the comparison group. The vertical line marks that timing of the military coup that occurred in 1999.

Figure 3: Potentially Confounding Interactions with the Coup

Panel A: Case Characteristics (Constitutional Case and Number of Lawyers on a Case)



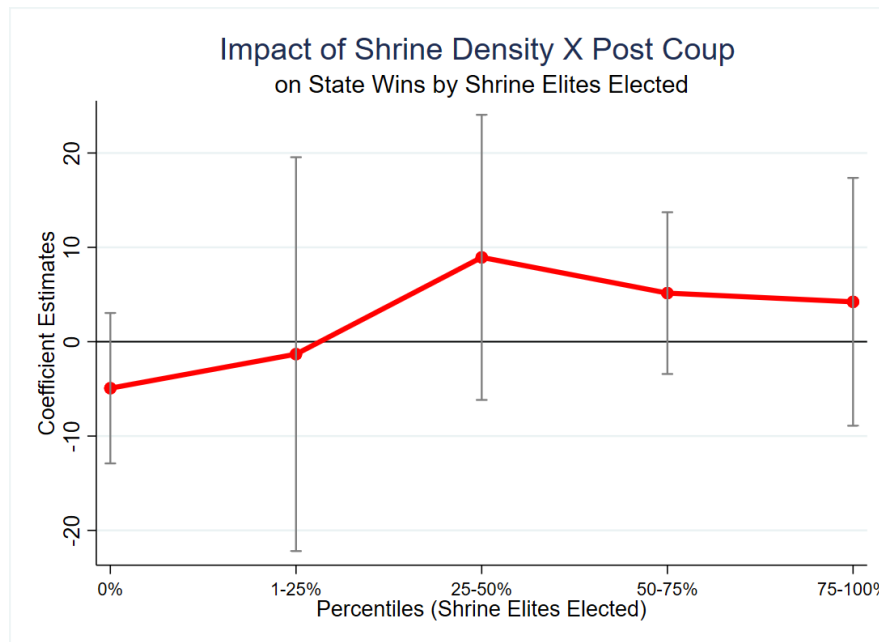
Panel B: Judge Characteristics (Prior employment and Political Activity prior to Judicial Appointment)



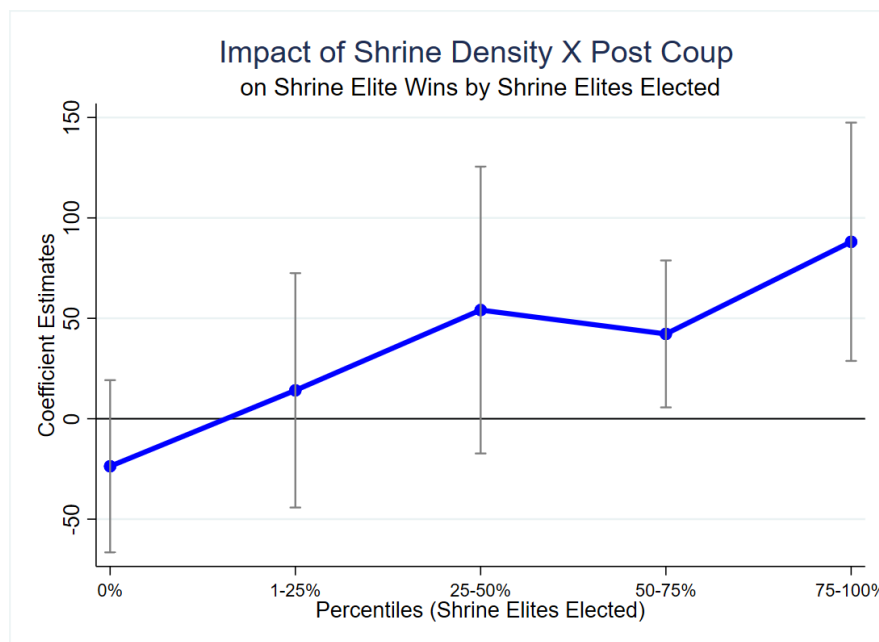
Note: The Figure presents coefficients and the corresponding 90% confidence intervals in the regressions of case or judge characteristics on 2-year interval dummies interacted with shrine density in the district together with case, judge and district controls as well as district and year fixed effects. Cross-sections between 1986 to 1989 are held as the comparison group. The vertical line marks the timing of the military coup in 1999. Similar plots for other case and judge characteristics can be found in Figure D.3 in Appendix D.

Figure 4: Impact of Shrine Density by Shrine Elite Elected

Panel A: Impact of Shrines on State Wins by Percentiles of Shrine Elite Elected

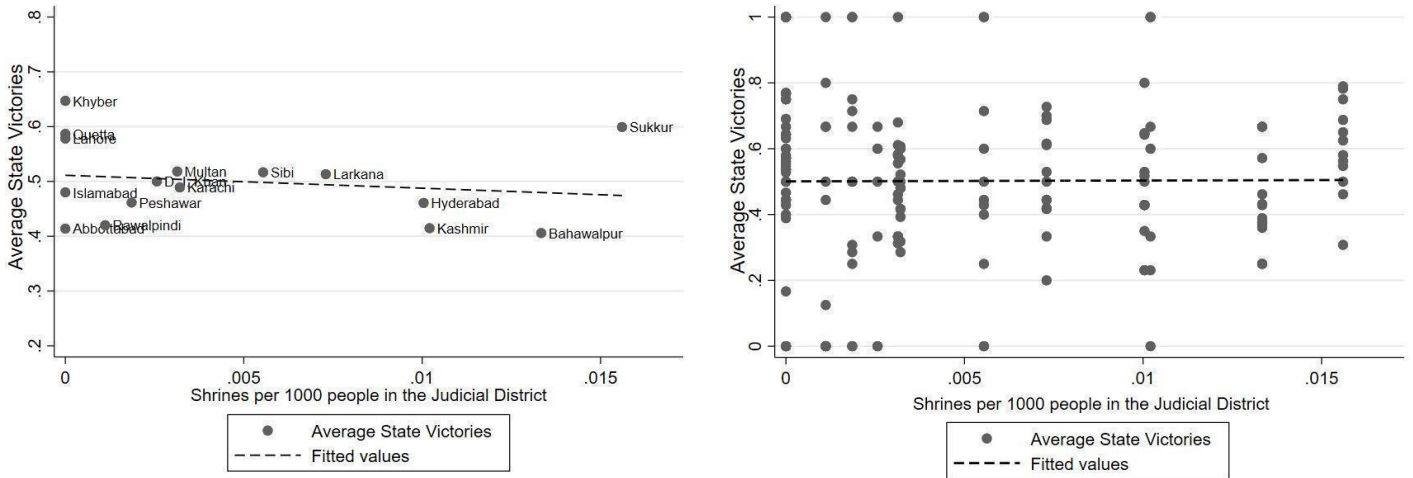


Panel B: Impact of Shrines on Shrine Elite Victories by Percentiles of Shrine Elite Elected

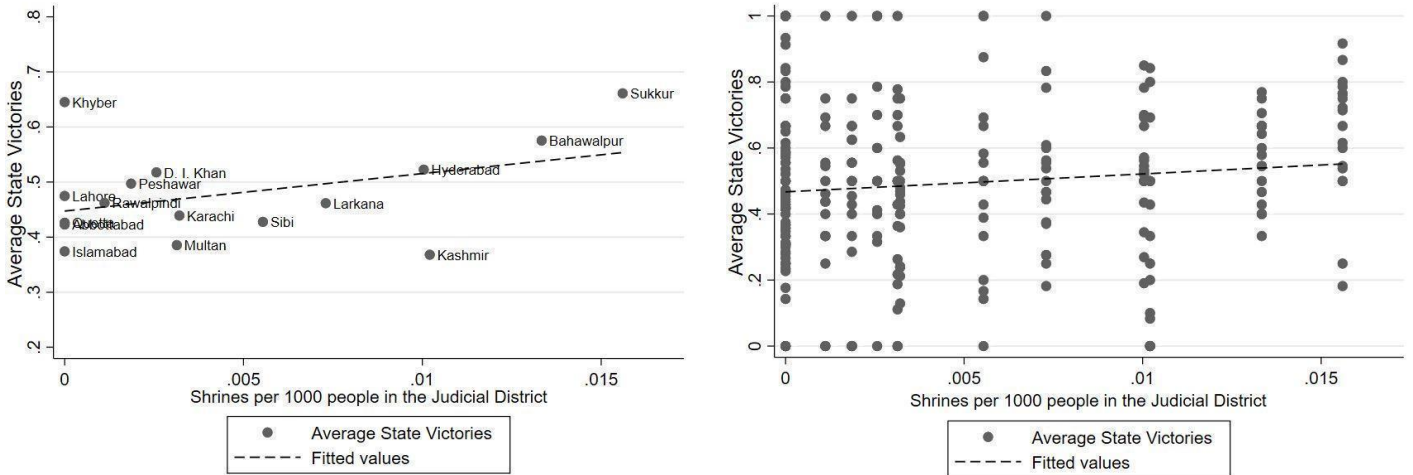


Note: The figure plot estimates from baseline difference-in-differences equation (4) by elected shrine elite percentiles. 0 percentile represent cases from districts of Abbottabad and Kashmir where no shrine elite was ever elected, while 75-100 percentile contain cases from Multan and Sukkur where largest number of shrine elites were elected throughout our sample period. The dependent variable is State Wins and Shrine Elite Wins case in Panel A and B, respectively.

Figure 5: Shrines and Average State Wins Before and After the Coup
 Panel A: Shrines and Average State Wins Before Coup (1986-1998)



Panel B: Shrines and Average State Wins After Coup (1999-2016)



Note: The Figure on the left averages State Wins by the district over all years; Figures on the right provides an average for each district for a given year. Similar plots for Case Delay and Merit decisions can be found in Appendix D.4 (Figure D4 and D5, for Case Delay and Merit, respectively).

Online Appendix to:

Religious Leaders and Rule of Law

By SULTAN MEHMOOD AND AVNER SEROR

Contents

A. Variable Definitions and sources

B. Theory Appendix: Proof of Proposition 1

C. Data Appendix: Additional information and data collection

D. Additional Figures and Tables

A. Variable Definitions and sources

State Wins = This is average government victories for a given judge. This variable was originally coded at the case level by a law firm, as 1 for a State victory and 0 for a State defeat. Coding was based on their reading of the judgment orders retrieved from an online portal that records the universe of High Court cases in Pakistan (<https://www.pakistanlawsite.com/>). More information on this source and data construction can be found in Appendix B.3.

Merit = This is average merit decisions for a given judge. This variable was also originally coded at the case level by the law firm, based on judgment orders. It is a dummy for the case being decided based on “*evidence rather than technical or procedural grounds*” (Pound, 1963).

Case Delay = This is average case delay for a given judge. It is difference between case filing and decision year.

Shrine Density = This is number of shrines per 1000 people in British Colonial Gazettes of 1911 and number of Shrines in Auqaf Department records in 1952. The variable is constructed as follows: Shrine Density = $\frac{\text{Number of Shrines in the Judicial District}}{\text{Total Population in the Judicial District}} \times 1000$.

Shrine Elite = It is the number of shrine leaders elected to office in the judicial district. We sum over all local electoral districts within the jurisdiction of the district High Court. This data is obtained from officials results released by Election Commission of Pakistan.

Constitutional Case = It is a dummy variable that takes the value of 1 if it is a constitutional case and zero otherwise. In the main specification is averaged across-district and over time. This is indicated on the text of the judgement order.

Land Case = It is a subset of constitutional cases, it is a dummy variable that takes the value of 1 if it is a case involving land ownership or expropriation dispute with “*The State*” and 0 otherwise. Often it is Ministry of Defense, housing authority or most commonly a “development” agency, which is authorized to resolve disputes regarding land ownership (Defense Ministry, Defense Housing Authority, Lahore Development Authority (LDA), Karachi Development Authority (KDA), Peshawar Development Authority (PDA), Capital Development Authority (CDA)).

Human Rights Case = It is a subset of constitutional cases, it is a dummy variable that takes the value of 1 if it does not involve a case involving land ownership or expropriation dispute with “*The State*” and 0 otherwise. These cases are marked as “writ petitions” in the text of judgment order.

Criminal Case = It is a dummy variable that takes the value of 1 if it is a criminal case and zero otherwise. In the main specification is averaged across-district and over time. This is indicated on the text of the judgement order.

Number of Lawyers = It is based on a count variable documenting the number of lawyers arguing in the particular case. This is also indicated on the text of the judgement order.

Number of Judges = It is based on a count variable documenting the number of judges adjudicating upon the particular case. This is also indicated on the text of the judgement order.

Bench Chief Justice = It is dummy variable that takes the value of 1 if the chief justice or senior most judge was adjudicating in the case and zero otherwise. In the main specification is averaged across-district and over time.

Number of Pages of Judgment Orders = It is a count variable documenting number of pages of the judgement order issues in the particular case. This is also indicated on the text of the judgement order.

Age at appointment = It is the difference between date of birth and age at appointment. This data is obtained from Judicial Administrative Data Records at the High Court Registrar Offices.

Gender = It is a dummy variable that takes the value of 1 if it is a male judge and 0 if it is a female judge. It is coded in two ways: 1) Manually, where the author checks every judge name, the dummy variable takes the value of 1 if it is male and zero if female. 2) Automatically, where the author asks Stata to read the string starting with “Justice Miss” and “Justice Mrs.” as zero and the string started by “Justice Mr.” as one. The two methods yield identical number of males and female justices.

Promoted to SC = It is a dummy variable for the judge who was elevated to the supreme court bench and zero otherwise. This is obtained from judicial administrative records of the Supreme Court Registrar Office.

Former Lawyer = It is a dummy variable for the judge who was formerly a lawyer before being appointed as a justice of the high court. Data for this obtained through a combination of biographical information contained in annual reports, bar council records and judicial administrative data.

Former Office Holder Bar Association = It is a dummy variable for the judge who was formerly an office holder of the lawyers’ bar association (before being appointed as a justice of the high court). Data for this obtained through a combination of biographical information contained in annual reports, bar council records and judicial administrative data.

Former Judge = It is a dummy variable for the judge who was formerly a lower court (civil or session court) judge. Data for this obtained through a combination of biographical information contained in annual reports and judicial administrative data.

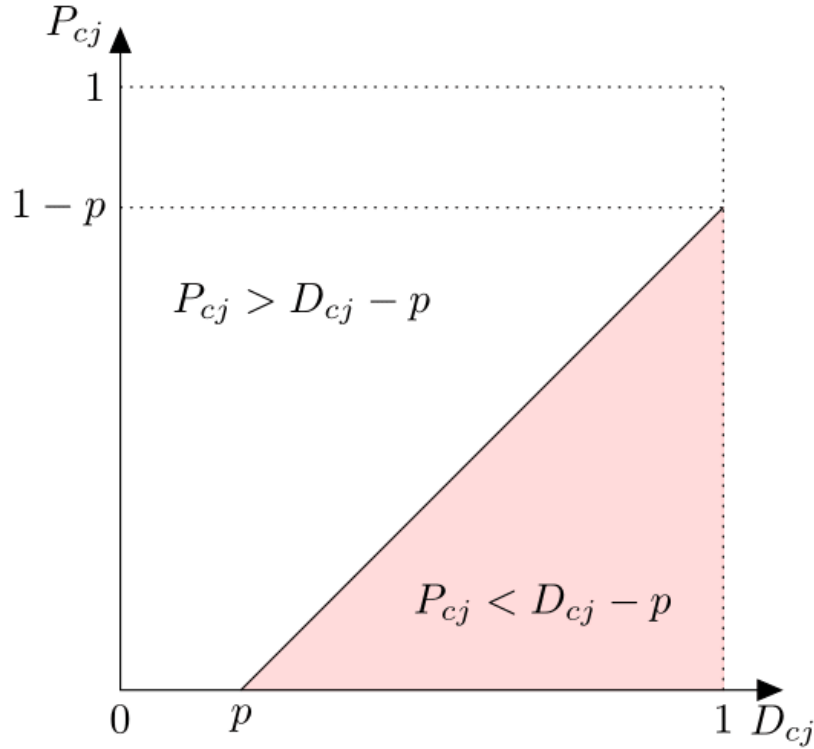
Area = It is the area (in square kilometers) of the district where the high court is located. This is obtained from a linear interpolation of 1998 and 2017 census of Pakistan.

Population = It is the population of the district where the high court is located. This is obtained from a linear interpolation of 1998 and 2017 census of Pakistan.

B. Theory: Proof of Proposition 1

First, we demonstrate that $SW(p) = \frac{1}{2} + p(1 - \frac{p}{2})$. Indeed, judge j rules in favor of the state in a judicial case c when $P_{cj} > D_{cj} - p$. Hence, given that P_{cj} and D_{cj} are drawn from uniform distributions which support is $[0, 1]$, the likelihood that the state wins a judicial case is equal to the white area in figure B.1. It is then direct from figure B.1 that $SW(p) = 1 - \frac{1}{2}(1 - p)^2 = \frac{1}{2} + p(1 - \frac{p}{2})$. Applying the Law of Large numbers, $SW(p)$ is also the share of cases won by the State.

Figure B1. Determination of the share of judicial cases won by the State



Second, we show that the likelihood that candidate i wins the election can be expressed as

follows: $\pi(p_i, p_{-i}) = \frac{(\theta_i - \eta p_i)^k}{\sum_{j \in N} (\theta_j - \eta p_j)^k}$. The probability that voter v chooses candidate i is:

$$P_i = \Pr(v(i, v) > v(j, v) \text{ for any } j \in N \setminus i). \quad (\text{B.1})$$

We denote $x_{iv} = \log(\epsilon_{iv})$, $x_i = \log(\epsilon_i)$ and $v_i = \theta_i - \eta p_i$. Given that ϵ_{iv} and ϵ_i are drawn from the Gumbel distribution $G(\cdot)$, x_{iv} and x_i are drawn from a Fréchet distribution, which

c.d.f is $F(x) = e^{-x^{-k}}$. We deduce that

$$P_i = \Pr \left(v_i x_i x_{iv} > v_j x_j x_{jv} \text{ for any } j \in N \setminus i \right), \quad (\text{B.2})$$

So

$$P_i = \int_0^\infty \prod_{j \in N \setminus i} F \left(\frac{v_i x_i}{v_j x_j} x_{iv} \right) dF(x_{iv}),$$

$$P_i = \int_0^\infty \exp \left(- \left[\frac{v_i x_i}{v_j x_j} x_{iv} \right]^{-k} \right) d \left[\exp \left(- x_{iv}^{-k} \right) \right].$$

We find that

$$P_i = \int_0^\infty \exp \left(- x_{iv}^{-k} \left[\frac{\sum_{j \in N} (v_j x_j)^k}{(v_i x_i)^k} - 1 \right] \right) d \left[\exp \left(- x_{iv}^{-k} \right) \right], \quad (\text{A.3})$$

With $\mu = \frac{\sum_{j \in N} (v_j x_j)^k}{(v_i x_i)^k}$ and the change of variable $u = \exp \left(- x_{iv}^{-k} \right)$,

$$P_i = \int_0^1 u^{\mu-1} du = \frac{1}{\mu}$$

Applying the Law of large numbers, we deduce that the vote share of candidate i is

$$P_i = \frac{(v_i x_i)^k}{\sum_{j \in N} (v_j x_j)^k}. \quad (\text{B.4})$$

The probability that candidate i wins, denoted $\pi(p_i, p_{-i})$, is then:

$$\pi(p_i, p_{-i}) = \Pr \left(\frac{(v_i x_i)^k}{\sum_{j \in N} (v_j x_j)^k} > \frac{(v_l x_l)^k}{\sum_{j \in N} (v_j x_j)^k} \text{ for any } l \neq i \right). \quad (\text{B.5})$$

We find that

$$\pi(p_i, p_{-i}) = \frac{v_i^k}{\sum_{j \in N} (v_j)^k}. \quad (\text{B.6})$$

We are now able to demonstrate Proposition 1. We will first characterize the equilibrium and determine the optimal level of influence p_i^* exerted by each candidate i and the endogenous number of religious candidates N_r^* and secular candidates N_s^* .

First, we determine p_i^* . The first-order condition associated with the determination of p_i^* is:

$$- \Phi'(p_i) + \pi(p_i, p_{-i}) \left\{ - \frac{\eta k}{\theta_i - \eta p_i} (1 - \pi(p_i, p_{-i})) p_i \left(1 - \frac{p_i}{2} \right) + 1 - p_i \right\} = 0, \quad (\text{B.6})$$

which admits a unique interior solution, as the second-order derivative of $w_i(p_i, p_{-i})$ with respect to p_i is negative:

$$\frac{\partial^2 w_i(p_i, p_{-i})}{\partial p_i^2} = -\Phi''(p_i) + \frac{\partial \pi(p_i, p_{-i})}{\partial p_i} \left\{ -\frac{\eta k}{\theta_i - \eta p_i} (1 - \pi(p_i, p_{-i})) p_i \left(1 - \frac{p_i}{2}\right) + 1 - p_i \right\}$$

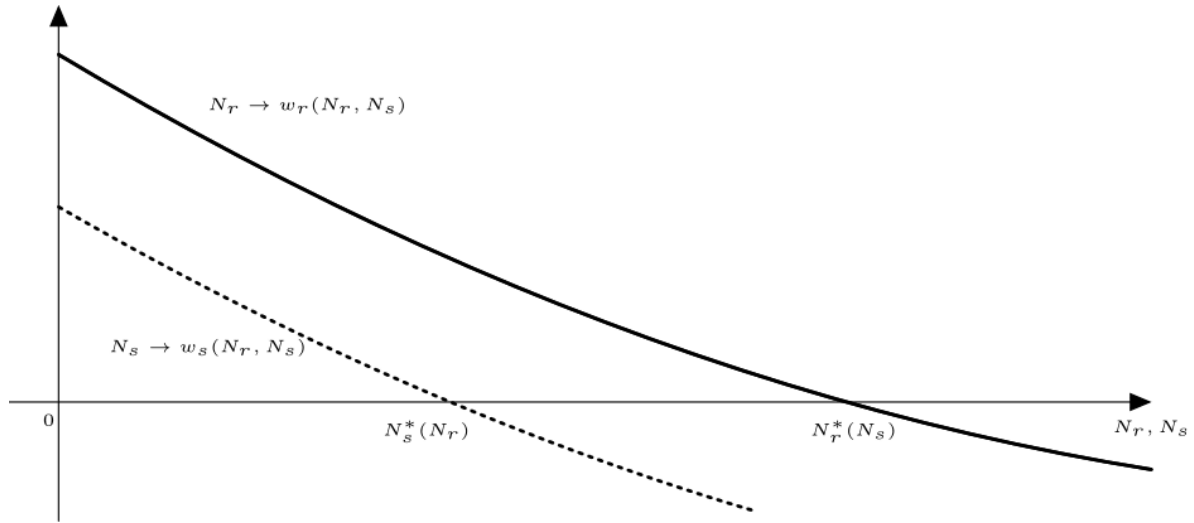
$$\text{as } \frac{\partial \pi(p_i, p_{-i})}{\partial p_i} < 0.$$

We denote $p_i^*(N_r, N_s)$ the political influence exerted by candidate i in equilibrium. Substituting $p_i^*(N_r, N_s)$ and $p_{-i}^*(N_r, N_s)$ in the utility of candidate i and applying the envelope theorem, we deduce that the indirect utility of candidate i , which we denote $w_i(N_r, N_s)$, is (i) increasing in θ_i and (ii) decreasing in both N_r and N_s .

Given the free entry condition, the number of candidates N_r^* and N_s^* are obtained from the following conditions: $w_r(N_r^*, N_s^*) = 0$ and $w_s(N_r^*, N_s^*) = 0$. Indeed, with a slight abuse of notations, we consider N_r^* and N_s^* as continuous variables.⁵⁹ We have represented $w_r(N_r, N_s)$ as a function of N_r , and $w_s(N_r, N_s)$ as a function of N_s in Figure B.2. The intersection of the curve $N_r \rightarrow w_r(N_r, N_s)$ with the horizontal line defines a decreasing locus $N_r^*(N_s)$. Similarly, the intersection of the curve $N_s \rightarrow w_s(N_r, N_s)$ with the horizontal line defines a decreasing locus $N_s^*(N_r)$. In this setting, we demonstrate that there exists only one equilibrium when we characterize more precisely the variation of the two loci below. Before providing this final step of the proof of the uniqueness of the equilibrium, we demonstrate the following claims:

⁵⁹ If we were to consider N_r^* and N_s^* as integers, then the free entry conditions would write $w_r(N_r^*, N_s^*) \geq 0 > w_r(N_r^* + 1, N_s^*)$ and $w_s(N_r^*, N_s^*) \geq 0 > w_s(N_r^*, N_s^* + 1)$.

Figure B2. Determination of the loci $N_r \rightarrow N_s^*(N_r)$ and $N_s \rightarrow N_r^*(N_s)$.



- *Upon being elected, politicians with religious credentials exert more influence on judges.*

The first-order condition (B.6) for $i = r$ implicitly defines an increasing function $p_s \rightarrow p_r^*(p_s)$, which is the best-response of a religious candidate to the policy implemented by a secular candidate. Similarly, (B.6) for $i = s$ implicitly defines an increasing function $p_r \rightarrow p_s^*(p_r)$, which corresponds to the best-response of a secular candidate to the policy implemented by a religious candidate.

Fixing the political influences exerted by a candidate i 's challengers, and given the first-order condition (B.6), it is always true that for any given values of N_s and N_r ,

$$\frac{\partial w_r(p_i, p_{-i})}{\partial p_i} > \frac{\partial w_s(p_i, p_{-i})}{\partial p_i}$$

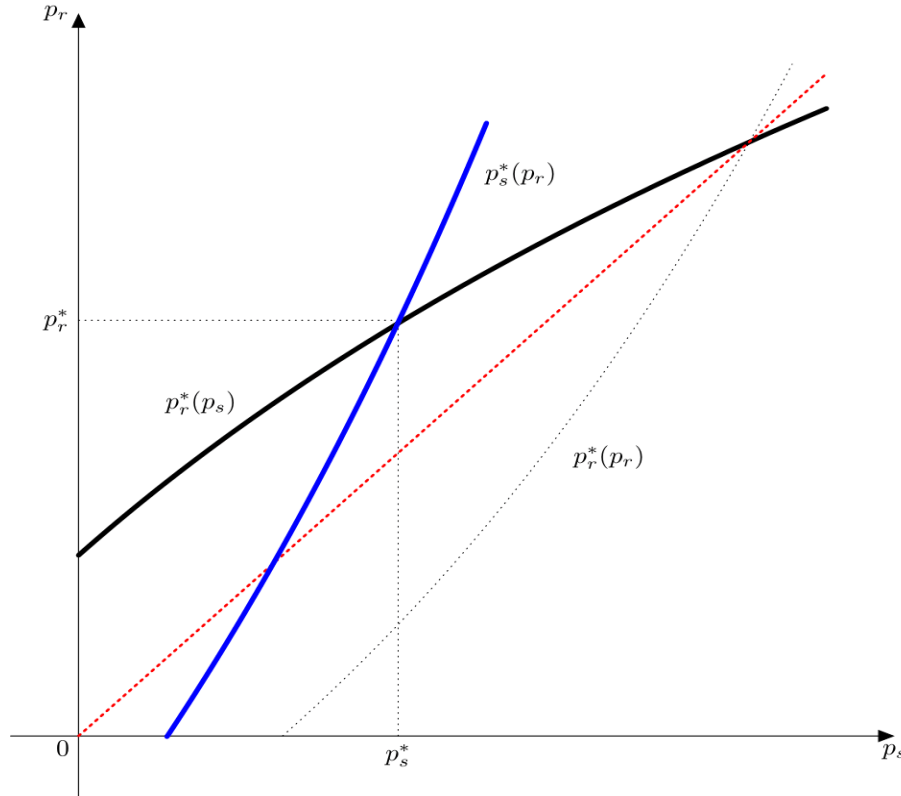
for any $p_i \in [0, 1]$ and $p_{-i} \in [0, 1]^{N-1}$.

This implies that the functions $p \rightarrow p_r^*(p)$ and $p \rightarrow p_s^*(p)$ previously defines are necessarily such that $p_s^*(p) < p_r^*(p)$ for any $p \in [0, 1]$.

We have represented in Figure B.3 the determination of the equilibrium levels of influence at the intersection of the two best-response functions. From the figure, given that

$p_s^*(p_r) < p_r^*(p_r)$ for any $p_r \in [0, 1]$, the blue curve representing $p \rightarrow p_s^*(p)$ is necessarily on the left of the dotted black curve representing $p \rightarrow p_r^*(p)$. Hence, by symmetry, the intersection of the loci is necessarily above the 45° line, which means that $p_s^* < p_r^*$. Hence, candidates with religious credentials exert more influence on judges than their secular counterparts.

Figure B3. Equilibrium levels of influence



- ***Politicians with religious credentials have a higher likelihood of winning.***

Given (B.6), we deduce that a candidate with religious credentials have a higher likelihood of winning the election when $\theta_r - \eta p_r^* > \theta_s - \eta p_s^*$. Assume that $\theta_r - \eta p_r^* = \theta_s - \eta p_s^*$. Then,

$$\frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}^*) = -\Phi'(p_r^*) + \frac{1}{N} \left\{ p_r^* - \frac{\eta k}{\theta_r - \eta p_r^*} \left(1 - \frac{1}{N} \right) \right\},$$

with p_{-r}^* the vector of policies where the challengers of a candidate with religious credentials do either p_r^* if they have religious credentials, or p_s^* otherwise. Similarly,

$$\frac{\partial w_s}{\partial p_s}(p_s^*, p_{-s}^*) = -\phi'(p_s^*) + \frac{1}{N} \left\{ p_s^* - \frac{\eta k}{\theta_s - \eta p_s^*} \left(1 - \frac{1}{N}\right) \right\}.$$

with p_{-s}^* the vector where the challengers of a candidate without religious credentials do either p_r^* if they have religious credentials, or p_s^* otherwise. Hence,

$$\frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}^*) - \frac{\partial w_s}{\partial p_s}(p_s^*, p_{-s}^*) = -\left\{ \phi'(p_r^*) - \phi'(p_s^*) \right\} + \frac{1}{N} \left\{ p_r^* - p_s^* \right\} < 0,$$

if the function $\phi(\cdot)$ is sufficiently convex (as $p_s^* < p_r^*$), which we assume true. For instance, the standard specification $\phi(p) = \frac{p^2}{2}$ suffices for the previous inequality to be satisfied as long as $N > 1$. This implies that an equilibrium such that $\theta_r - \eta p_r^* = \theta_s - \eta p_s^*$ cannot exist, as both first-order conditions cannot be simultaneously satisfied, for any number of religious and secular candidates N_r and N_s .

Similarly, assume that $\theta_r - \eta p_r^* < \theta_s - \eta p_s^*$, which rewrites $p_s^* < \frac{\theta_s - \theta_r}{\eta} + p_r^* = p_s^A$. Then,

$$\frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}(p_s^A)) = -\phi'(p_r^*) + \frac{1}{N} \left\{ p_r^* - \frac{\eta k}{\theta_r - \eta p_r^*} \left(1 - \frac{1}{N}\right) \right\},$$

with $p_{-r}(p_s^A)$ the vector of policies of the challengers of a candidate with religious credentials such that the challengers with religious credential do p_r^* , while those without do p_s^A .

As $\frac{\partial^2 w_r}{\partial p_s \partial p_r}(p_r^*, p_{-r}(p_s^A)) > 0$ and $p_s^* < p_s^A$, we deduce that

$$\frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}(p_s^*)) < \frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}(p_s^A)).$$

Furthermore, as $p_s^* < p_s^A$,

$$\frac{\partial w_s}{\partial p_s}(p_s^*, p_{-s}(p_r^*)) > -\phi'(p_s^A) + \frac{1}{N} \left\{ p_s^A - \frac{\eta k}{\theta_s - \eta p_s^A} \left(1 - \frac{1}{N}\right) \right\},$$

because $w_s(p_s^*, p_{-s}(p_r^*))$ is concave in the platform chosen by the candidates without religious credentials p_s^* .⁶⁰ Combining the preceding inequalities, we deduce that

⁶⁰ $w_{ps^*}, p-s(pr^*)$ is concave in ps^* , as:

$$\frac{\partial w_r}{\partial p_r}(p_r^*, p_{-r}(p_s^*)) - \frac{\partial w_s}{\partial p_s}(p_s^*, p_{-s}(p_r^*)) < -\left\{\Phi'(p_r^*) - \Phi'(p_s^A)\right\} + \frac{1}{N}\{p_r^* - p_s^A\} < 0.$$

An equilibrium such that $\theta_r - \eta p_r^* < \theta_s - \eta p_s^*$ cannot exist. We have demonstrated that $\theta_r - \eta p_r^* > \theta_s - \eta p_s^*$ is necessarily verified in equilibrium, so politicians with religious credentials have a higher likelihood of winning.

- ***Politicians with religious credentials have a higher likelihood of running.***

As represented in figure B.2 above, the loci $N \rightarrow N_r^*(N)$ and $N \rightarrow N_s^*(N)$ are necessarily such that $N_s^*(N) < N_r^*(N)$ for any N .

Furthermore, as the locus $N_s \rightarrow N_r^*(N_s)$ is implicitly defined by the equation

$w_r(N_r^*, N_s) = 0$, we find that

$$\frac{\partial w_r(N_r^*, N_s)}{\partial N_r} \frac{\partial N_r^*}{\partial N_s} + \frac{\partial w_r(N_r^*, N_s)}{\partial N_s} = 0,$$

from which we deduce that $\frac{\partial N_r^*}{\partial N_s} > -1$ necessarily holds. Intuitively, an increase in the number of entrants with low legitimacy leads to a less than proportional exit from candidates with high legitimacy. Given this important property, we are finally able to draw the determination of the equilibrium number of entrants with and without religious credentials. Figure B.4. presents the result. The blue curve represents the locus $N_s \rightarrow N_r^*(N_s)$, and has a negative slope strictly above -1. The black curve represents the

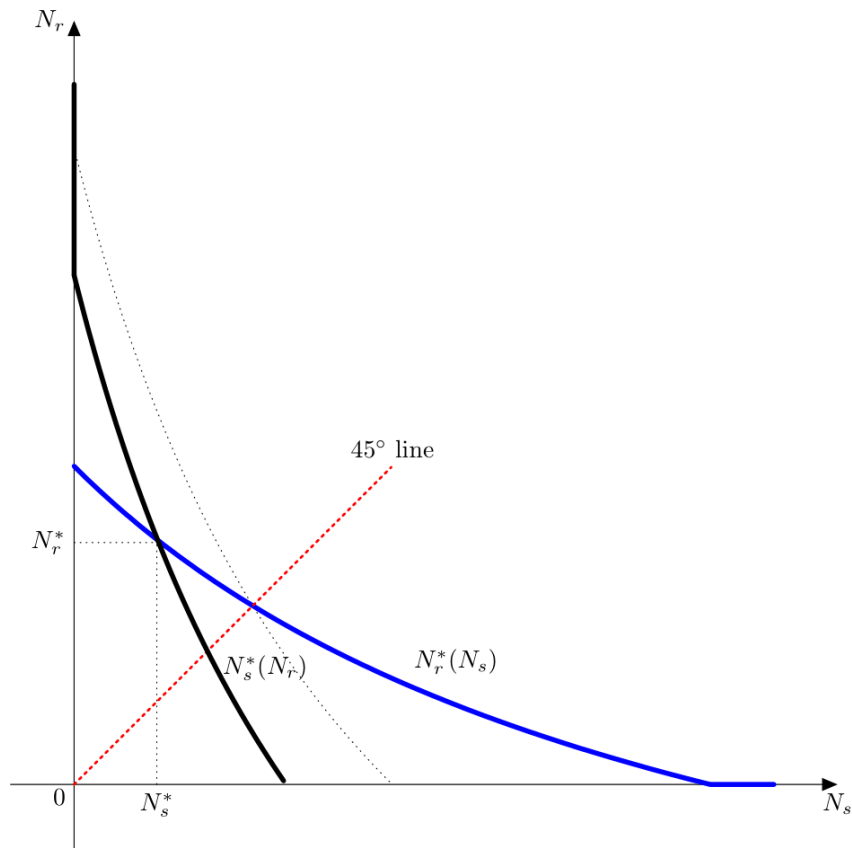
locus $N_r \rightarrow N_s^*(N_r)$, which, given that $N_s^*(N) < N_r^*(N)$ for any N , is on the left of the dotted line that represents the function $N_r \rightarrow N_r^*(N_r)$. By symmetry of the problem and

$$2w_s(p_s^*, p_{-s}(p_r^*)) - 2w_r(p_r^*, p_{-r}(p_s^*)) = -\left\{\Phi'(p_s^*) - \Phi'(p_r^A)\right\} + \frac{1}{N}\{p_s^* - p_r^A\} < 0.$$

given that $\frac{\partial N_r^*}{\partial N_s} > -1$, there is only one intersection of the two loci: this concludes the proof that there is a unique Nash equilibrium with free entry.⁶¹ Besides, by symmetry again, and given that $\frac{\partial N_r^*}{\partial N_s} > -1$, this equilibrium is necessarily such that $N_s^* < N_r^*$. This concludes the proof of Proposition 1.

Figure B4. Determination of the equilibrium number of candidates

⁶¹ In the hypothetical case where $N_r^* N_s < -1$, drawing the two loci $N_s \rightarrow N_r^*(N_s)$ and $N_r \rightarrow N_s^*(N_r)$, one can easily find that there will be three equilibria.



C. Data Appendix: Additional information and data collection

Appendix C1 History and Structure of Courts in Pakistan

In this subsection we discuss the background and structure of courts in Pakistan. The Indian High Courts Act of 1861 authorized the Crown to create the high courts in the Indian colony. These courts served as precursors to the modern-day high courts of both India and Pakistan. With the independence of India and Pakistan from British colonial rule in 1947, gradual changes were made in the legal institutions in both countries, but both retained the overarching institutional structure such as the common law jurisprudence.

Pakistan's judiciary is composed of a three-tier hierarchical structure. The lowest courts are the civil and session courts where the civil courts hear civil cases and session courts adjudicate upon the criminal cases. These courts are located in the provincial capitals and have jurisdictions dictated by domicile of the litigating parties. Decisions in civil and session courts can be challenged in the high courts of Pakistan. If the government expropriates land or violates any fundamental right, the high court is the first (and in most cases) the only platform for the citizens and firms for remediation. Although, in theory there are only four provincial high courts in Pakistan, the benches of each provincial high court are spread within the 4 provinces of Pakistan (see Figure D2). This is in the form of 16 district high court benches (about 4 district benches in each of the 4 provinces). Most important for our paper is the fact that in the high court, one can also file a case against the government. This takes the form of a constitutional petition against The State or Criminal Petition against the State. Constitutional cases involving The State as a party involve cases filed against the federal government, provincial governments and local governments or any organ of the state that yields executive authority (such as the office of the Prime Minister). Finally, there is the final appellate court, the Supreme Court of Pakistan, located in the federal capital of Islamabad. It typically hears appeals on "technical" grounds for the criminal and constitutional cases from the high courts. The Supreme Court can have at most 16 judges which greatly limits the number and scope of cases it can hear. Therefore, only a small fraction of cases end up being heard by the Supreme Court (Arshad, 2017).

Appendix C2 Case Data Sources and Construction

The case characteristics are obtained from the central repository of cases used by lawyers to prepare their cases. This is available online at Pakistan Law Site (<https://www.pakistanlawsite.com/>). This website is the "Central Library" used by lawyers to prepare their cases (since Pakistan is a common law system where case precedent is crucial)

as well as paralegals and students studying for their law exams. Access for this is password protected where permission to use the website and cases is gained through a law firm. We randomly sample all the available cases for every year depending on the total universe of cases decided in that year from 1986 to 2016 inclusive in addition to cases Court Registries.

Two independent teams of four lawyers each supervised by a senior Lawyer recorded the key information in the judgment texts for the 7500 cases. We ensured via a formal contract that both teams worked independently. Random field visits also reassured us that the contract was being enforced. Table D1 presents the means of the outcome variables and case characteristics coded by the two teams, as well as the correlation coefficient between them. There is a strong correlation between the coding of the two teams. The two senior lawyers supervising the teams were experts in “constitutional law” with over 10 and 12 years of experience as attorneys practicing constitutional law, respectively. They were hence particularly suited to supervise coding of cases involving the State. The remaining 8 people who did the actual coding exercise were legal experts and had all passed “L.L.M” examination which is equivalent to 2 years master’s degree in law. This is the main requirement to practice law as an attorney in Pakistan. These coders were essentially junior attorneys starting practice as lawyers with the law firm. The teams were given no information on the research question, to ensure that those performing the coding exercise did not know whether the case was from high versus low shrine district as this might risk biasing the results.

Appendix C3 Shrine Data Sources and Construction

The key source for the shrine data is the British Colonial Gazettes. The publication in the gazettes was a legal necessity that allowed documents to come into force and enter the public realm. Essentially, these were official legal and public bulletins of the British Government for its Indian Colony. Information on the shrines was published a regular section on “fairs and festivals”. This section contained the names and associated festivals of all shrines in the district. These shrines are counted for each district and forms the basis for the shrine dataset. Likewise, since British directly ruled in two of the provinces in present day Pakistan (Punjab and Sindh), this source only contains data on these provinces. Therefore, this Gazette data for shrines is complemented by data from Auqaf Department in the Ministry of Religious Affairs (Auqaf department is responsible for overseeing religious charities and donations within the ministry of religious affairs). Auqaf Department records all shrines with

their location, which we use to construct the shrine dataset. Specifically, Auqaf department overseen by the provincial government is responsible for administration of “Waqf properties” (literally, devote indefinitely) that is an “inalienable charitable trust” (Bazzi et al, 2020, p. 1). These properties include shrines, mosques and other religious institutions that such as *Madrasahs* (religious seminaries). Important thing to note is that the *Waqf* properties cannot be bought or sold where in the case of shrines, the shrine family can hold it indefinitely. We combine both these data sources to obtain shrine density for every judicial district of Pakistan.⁶²

⁶²For further information on the shrine dataset, see Malik and Mirza (2020).

D. Additional Tables and Figures

Table D1: Outcome Variables and Case Characteristics

Variables	Team 1	Team 2	Difference	Correlation (ρ)
State Wins	0.50	0.58	-0.08	0.85
Case Delay	3.33	3.54	-0.20	0.83
Merit	0.62	0.67	-0.05	0.90
Constitutional	0.72	0.70	0.01	0.95
Criminal Cases	0.28	0.29	-0.01	0.97
# Of Lawyers	4.04	4.09	-0.05	0.96
# Of Judges	1.81	1.84	-0.03	0.95
CJ in Bench	0.06	0.08	-0.02	0.88
Pg. of Judgement	8.89	8.69	0.20	0.95

Note: The table compares the outcome variables and case characteristics for the two teams of coders for the same 7439 cases used in the analysis. Team 1 is the data used in the analysis. Means, their difference, and correlation coefficient between the two groups are presented.

Table D2: Land Expropriated due to Shrines

Panel A: Land Expropriations due to Shrines			
	(1)	(2)	(3)
(% GDP)	Average Value	Minimum Value	Maximum Value
Total Land Expropriated	0.013	.001	.03
Counterfactual: no Shrines	0.013	.001	.029
Land Expropriation Attributed to Shrines (Lower Bounds)	0.046	.004	.105
Land Expropriation Attributed to Shrines (Upper Bound)	0.066	.006	.151

Year	Pakistan GDP (USD)	Total Land Expropriated (USD)	Total Land Expropriated (% GDP)	Counterfactual : No Shrines (% GDP)	Land Expropriated Attributed to Shrines (% GDP) Lower Bound	Land Expropriated Attributed to Shrines (% GDP) Upper Bound
1986 - 1989	35973590092	6649000	0.018	0.018	0.065	0.092
1990 - 1993	46582553713	8498550	0.018	0.017	0.064	0.091
1994 - 1997	59670725619	17974000	0.030	0.029	0.105	0.151
1998 - 2001	71666989734	11869000	0.017	0.016	0.058	0.083
2002 - 2005	99870126045	11978000	0.012	0.011	0.042	0.060
2006 - 2009	156970091702	16348000	0.010	0.010	0.036	0.052
2010 - 2012	121693012321	11132046	0.009	0.009	0.032	0.046
2013 - 2015	248711862544	6900000	0.003	0.003	0.010	0.014
2016	278654637738	3358000	0.001	0.001	0.004	0.006

Note: Panel A shows the results of the back-of-the-envelope calculations. The minimum value expropriated is for the year 2015, the maximum value is for the year 2005, while the average is the yearly average for our sample period of 1986-2016. Our computations suggest that shrines allowed government to expropriate *additional* land worth 0.005 to 0.03 percent of GDP (average: 0.029 percent of GDP). Our conservative or lower bound estimates are computed from using the fact that 30% of land expropriation do not involve productive investments (Siddique, 2013). Upper bound estimates do not discount the value of land expropriated by 30% using this available survey.

Table D3: Balance Test - Impact of Shrine Density X Coup on Case and Judge Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Constitutional Case	Land Case	Human Rights Case	# Lawyers on Case	# Judges on Case	CJ on Bench.	Office Holder Bar	Former Lawyer	Promoted to SC	Gender
Shrines Density at 1911 X Coup 1999	-1.002 [0.762]	-3.292 [0.282]	2.712 [0.579]	7.816 [0.796]	-4.588 [0.516]	1.753 [0.142]	-0.0301 [0.995]	1.365 [0.745]	-0.178 [0.886]	0.412 [0.668]
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439
R-squared	0.192	0.118	0.061	0.029	0.071	0.015	0.054	0.019	0.019	0.024

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variables are case and judge characteristics. In particular, they are dummies for constitutional case (1), land case (2), human rights case (3), number of lawyers on a case (4), number of judges on a case (5), dummy for CJ on bench (6), judge being an office holder in bar association prior to appointment (7), judge being former lawyer (8), promoted to Supreme Court (9) and Gender of the judge (10). Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1.

Table D4: Robustness to Sequentially Dropping Districts *with Replacement*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	All	ABO	BAN	DIK	HYD	ISL	KAR	KAS	KHY	LAR	LHR	MUL	PHC	QUE	RWP	SIB	SUK
<i>State Wins</i>																	
Shrine Density 1911 X Coup 1999	9.652** [0.021]	9.702** [0.019]	7.660*** [0.038]	9.802** [0.013]	9.905** [0.026]	9.866** [0.019]	10.63*** [0.025]	9.163** [0.023]	9.922** [0.020]	9.301** [0.019]	8.327** [0.25]	8.838** [0.027]	9.794** [0.019]	9.588** [0.055]	10.01** [0.012]	8.961** [0.016]	14.11*** [0.004]
District & Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
District & Case Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of Clusters	16	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Observations	7,439	7,197	6,904	7,286	6,857	7,271	6,465	7,219	7,250	6,851	5,905	7,050	7,181	6,844	7,253	7,202	6,850
R-squared	0.055	0.052	0.058	0.056	0.055	0.052	0.057	0.051	0.052	0.053	0.066	0.054	0.057	0.056	0.056	0.055	0.055

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters in column (1) and 15 clusters in others. The dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case, and judge characteristics shown in Table 1 as well as their interactions with the post-coup dummy. The case controls also include case-type fixed effects. The first column reproduces the baseline specification with all 16 districts. The second column drops cases from shrine district ABO i.e., Abbottabad. The third column drops cases from BAN or Bannu (and adds back Abbottabad). The fourth column drops cases from DIK or Dera Ismail Khan shrine district and adds back Bannu, and so on. *** p<0.01, ** p<0.05, * p<0.1.

Table D5: Case Lag and Merit - Robustness - Alternative Reform, Outliers and Dataset

VARIABLES	17 th Amendment		Outliers Excluded		Colonial Gazette Data	
	<i>Case Delay</i>	<i>Merit</i>	<i>Case Delay</i>	<i>Merit</i>	<i>Case Delay</i>	<i>Merit</i>
Shrine Density 1911 X Coup 1999	49.42 [0.186]	-11.49** [0.032]	57.12 [0.156]	-10.56** [0.017]	73.93 [0.238]	-10.72 [0.349]
Shrine Density 1911 X 17 th Amendment	20.51 [0.592]	5.246 [0.230]				
Shrine Density 1911 X Outliers Excluded X Coup 1999			-1.496 [0.951]	5.646 [0.323]		
Shrine Density 1911 X Colonial Gazette					-17.67 [0.542]	1.173 [0.839]
District and Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
District, Case and Judge Controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7,439	7,439	7,439	7,439	7,439	7,439
R-squared	0.082	0.080	0.082	0.080	0.082	0.079

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. Dependent variable is case delay, the time it takes for the case to be decided relative to the filing year, and decisions on Merit, this is a dummy variable that switches on if the case is ruled on evidence or merits of the case, relative to a technicality. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Table D6: Impact of Shrines on Case Filing

	(1)	(2)	(3)
	Total Filed	Constitutional Filed	Criminal Filed
Shrine Density 1911 X	4,808	-2,487	7,295
Coup 1999	[0.926]	[0.953]	[0.636]
District and Year Fixed Effects	Yes	Yes	Yes
District Case and Judge Controls	Yes	Yes	Yes
Observations	7,439	7,439	7,439
R-squared	0.996	0.995	0.991

Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the brackets with 999 repetitions and 16 clusters. The dependent variable is total cases filed in column (1), total criminal cases filed in column (2) and total criminal cases filed in column (3). Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. Similar results are found when we aggregate dependent and independent variables at the district-year level. *** p<0.01, ** p<0.05, * p<0.1

Table D7: Robustness to Different Repetitions in Bootstrapping

	(1)	(2)	(3)
	<i>State Wins</i>	<i>Case Delay</i>	<i>Decisions on Merit</i>
Shrine Density 1911 X	9.652**	41.04*	-12.28***
Coup 1999	[0.018] {0.017}	[0.062] {0.057}	[0.0005] {0.0007}
District and Year Fixed Effects	Yes	Yes	Yes
District Case and Judge Controls	Yes	Yes	Yes
Observations	7,439	7,439	7,439
R-squared	0.055	0.086	0.086

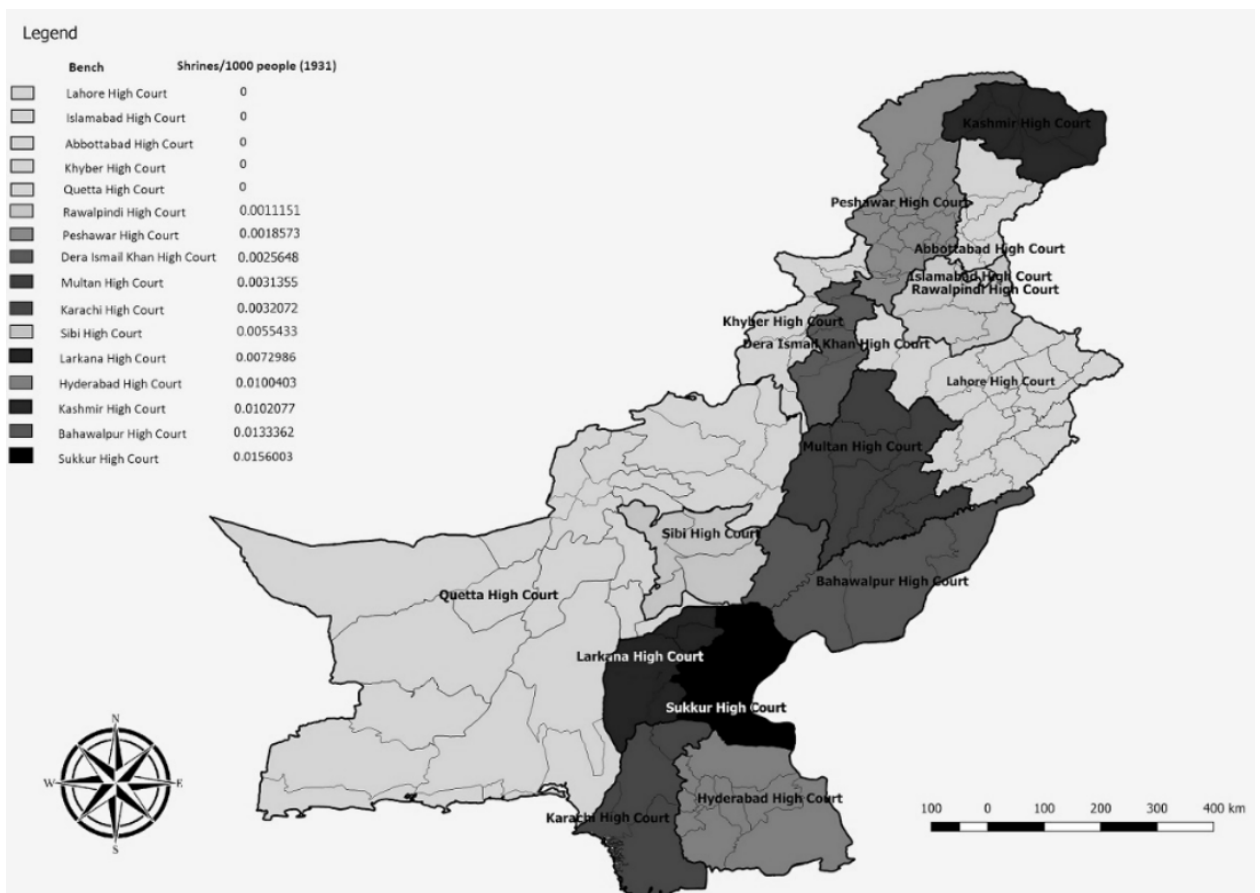
Wild-Bootstrapped p-values due to Cameron et al (2008) are reported in the square brackets with 2000 repetitions, and with 3000 repetitions in curly brackets. In Column 1, the dependent variable is State Wins, a dummy variable for the case being ruled in favor of the State). In column 2, the dependent variable is case delay, it is the time it takes for the case to be decided relative to the filing year, while in column 3, the dependent variable is Decisions on Merit, this is a dummy variable that switches on if the case is ruled on evidence or merits of the case, relative to a technicality. Shrine Density is the number of shrines per 1000 people. Coup 1999 is a dummy that switches on in the coup year of 1999. The controls include all district, case and judge characteristics shown in Table 1. The case controls also include case-type fixed effects. *** p<0.01, ** p<0.05, * p<0.1

Figure D1: The Shrine of Bahauddin Zakariya (left) with Trusty of the Shrine (right)



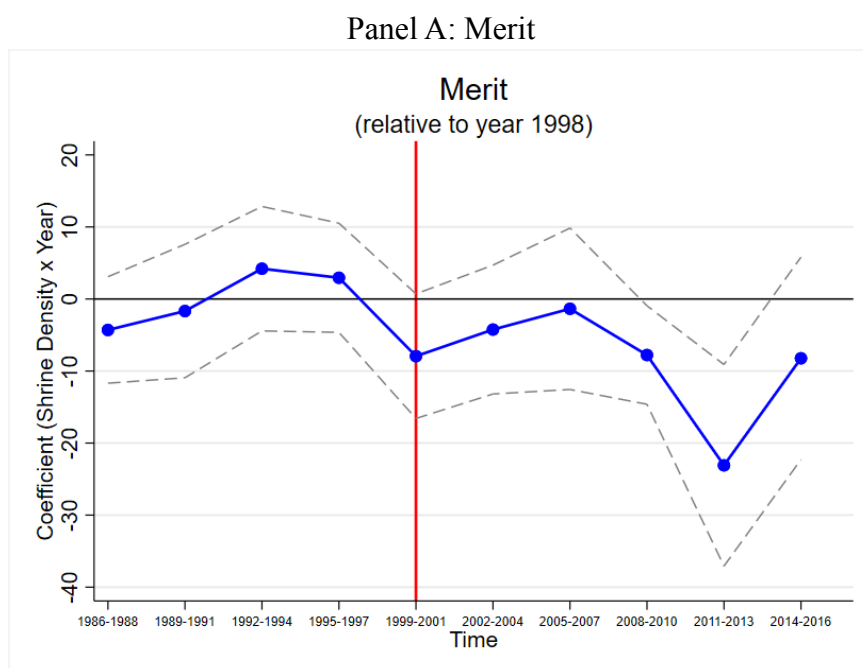
Note: The person in white turban “giving blessings” to the child on the right is a prominent shrine elite (Shah Mehmood Qureshi) and current foreign minister of Pakistan. He is the shrine leader of Bahauddin Zakariya Shrine of Multan pictured on the left.

Figure D2: Map of Shrine Density in Judicial Districts of Pakistan

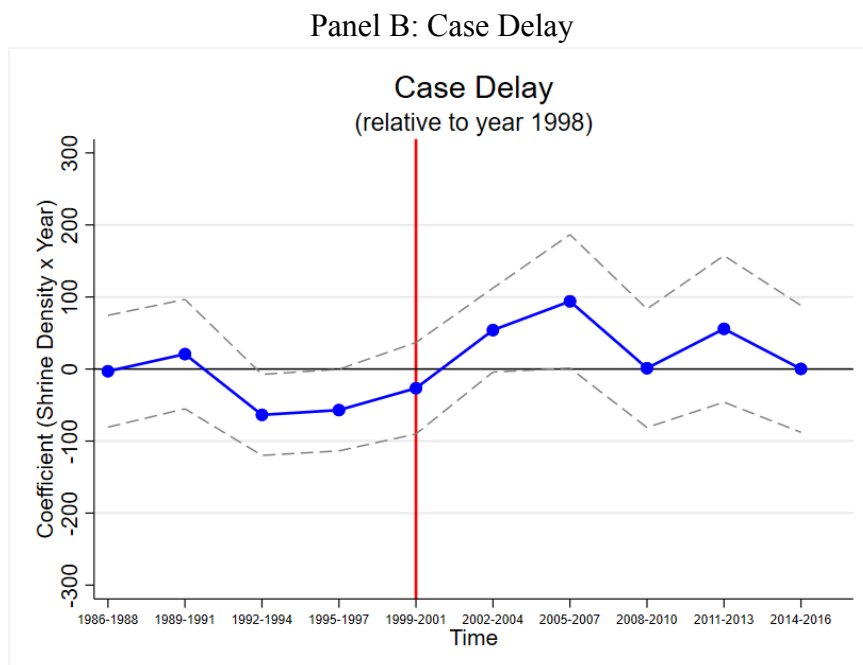


Note: The shrine data covers all of Pakistan where shrine density is computed by total number of shrines in the judicial jurisdiction divided by the population.

Figure D3: Case delay and Merit

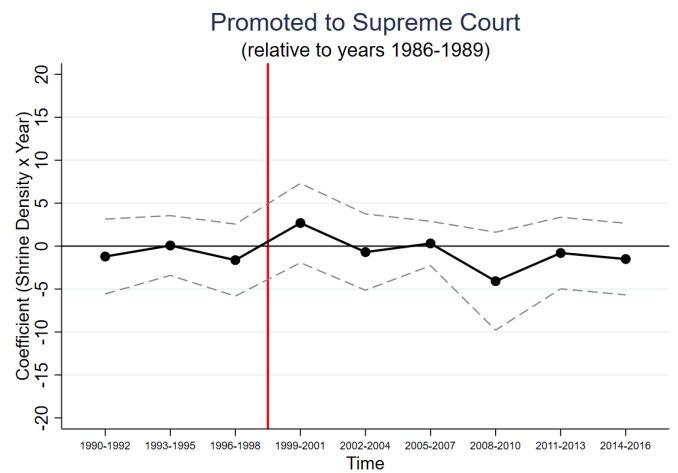
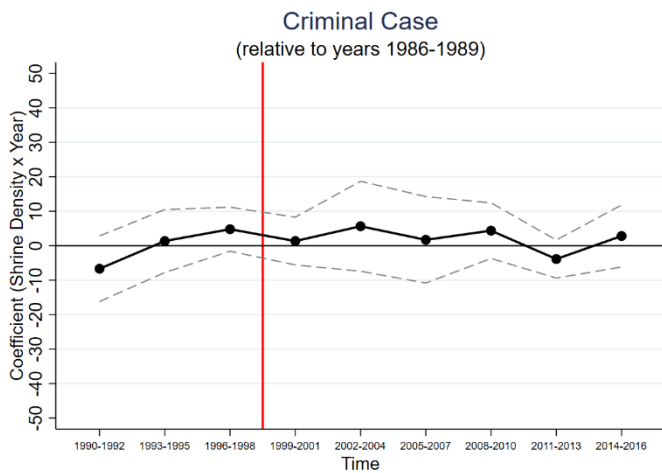


Note: The Figure presents coefficients and the corresponding 90% confidence intervals in the regressions of Merit on 2-year interval dummies interacted with shrine density in the district along with case, judge and district controls as well as district and year fixed effects. 1998 is held as the comparison group. The vertical line marks that timing of the military coup that occurred in 1999.

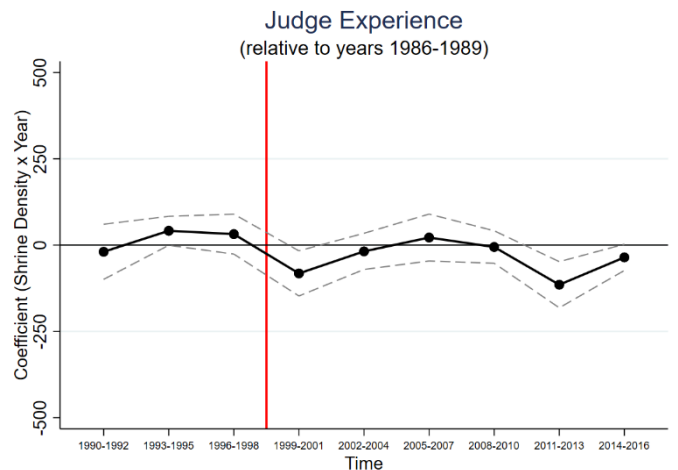
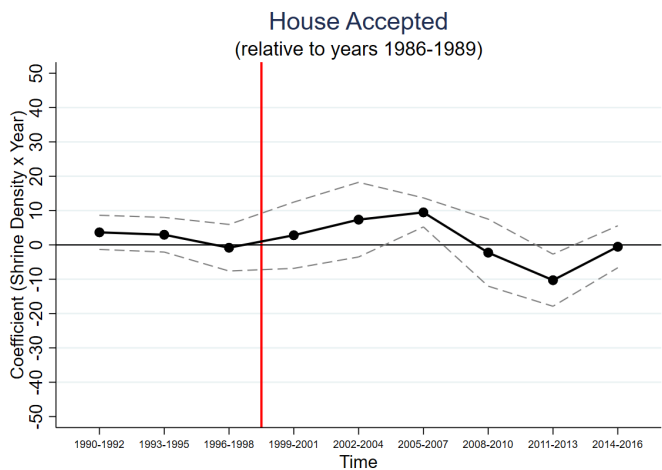


Note: The Figure presents coefficients and the corresponding 90% confidence intervals in the regressions of Case Delay on 2-year interval dummies interacted with shrine density in the district along with case, judge and district controls as well as district and year fixed effects. 1998 is held as the comparison group. The vertical line marks the timing of the military coup that occurred in 1999.

Figure D4: Additional Potentially Confounding Interactions with the Coup
 Panel A: Case Characteristics (Criminal Case and Promoted to Supreme Court)

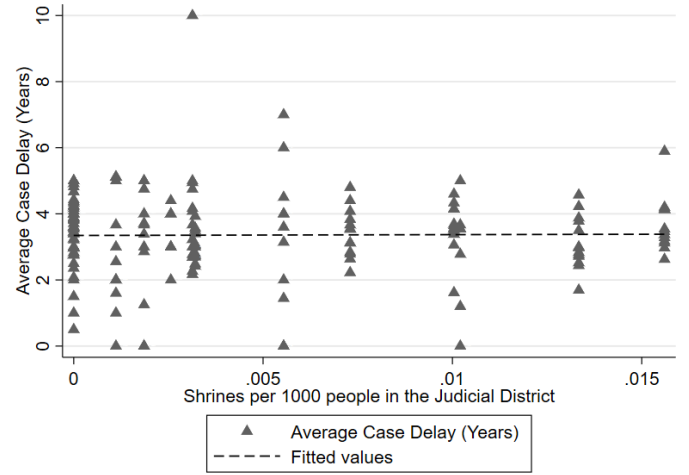
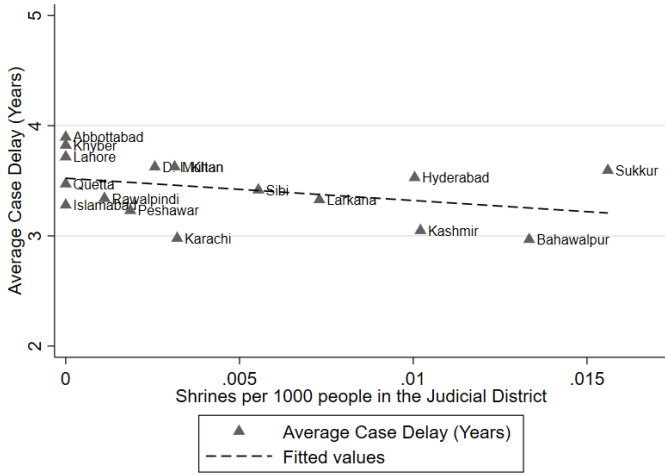


Panel B: Judge Characteristics (House Accepted and Judge Experience)

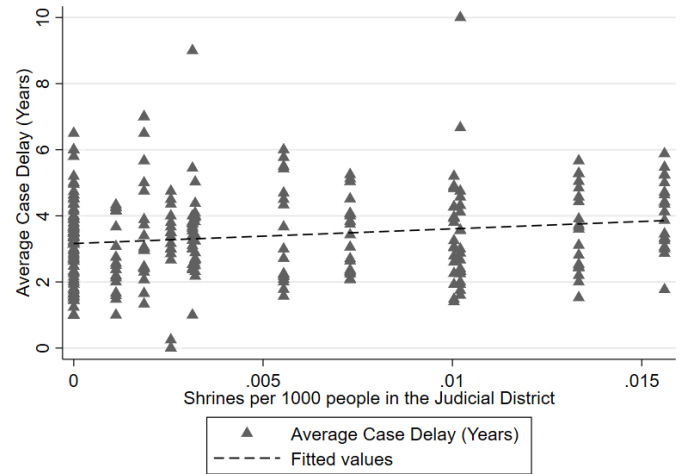
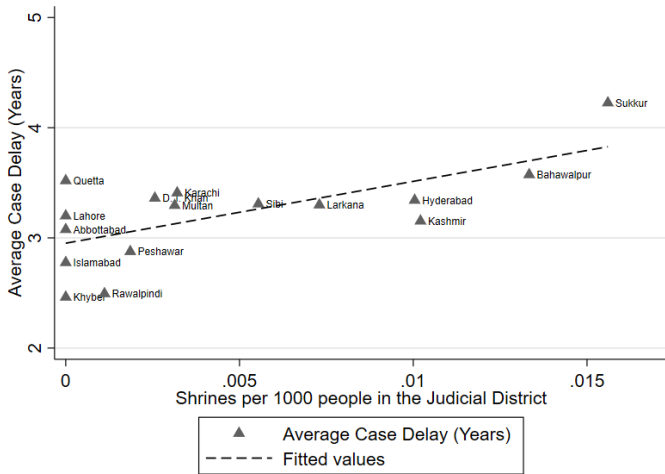


Note: The Figure presents coefficients and the corresponding 90% confidence intervals in the regressions of case or judge characteristics on 2-year interval dummies interacted with shrine density in the district together with case, judge and district controls as well as district and year fixed effects. Cross-sections between 1986 to 1989 are held as the comparison group. The vertical line marks the timing of the military coup in 1999. Similar plots for other case and judge characteristics such as case having chief justice on bench, number of pages of judgment order, gender, religion of the judge are available on request.

Figure D5: Shrines and Average Case Delay Before and After the Coup
Panel A: Shrines and Average Case Delay Before Coup (1986-1998)



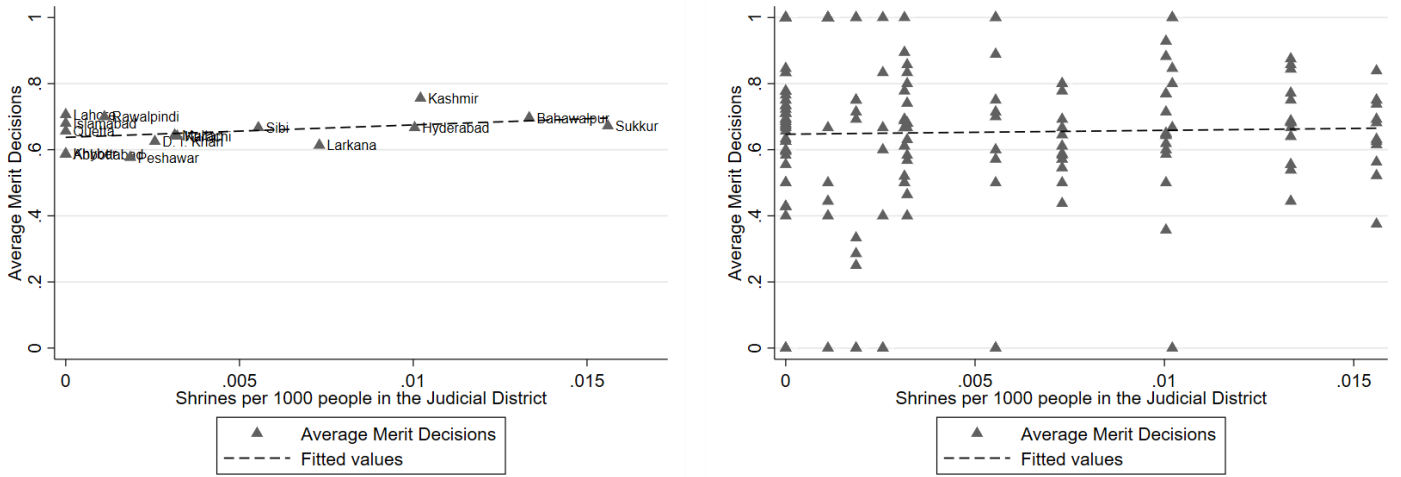
Panel B: Shrines and Average Case Delay After Coup (1999-2016)



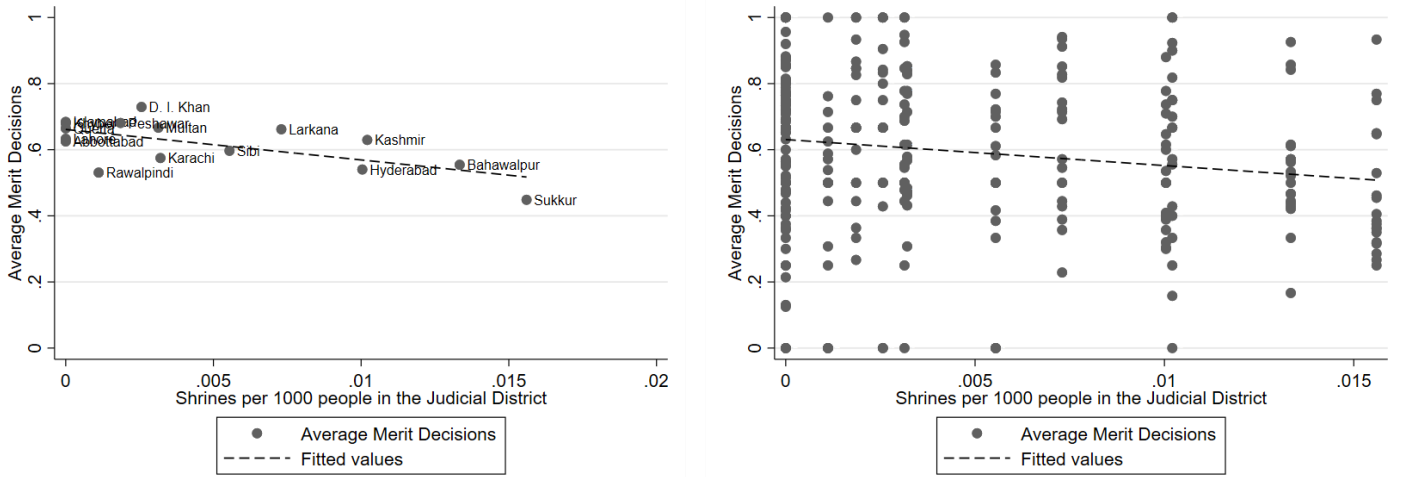
Note: The Figures on the left averages Case Delay by district, whereas, the Figures on the right averages by district-year.

Figure D6: Shrines and Average Merit Before and After the Coup

Panel A: Shrines and Average Merit Before Coup (1986-1998)



Panel B: Shrines and Average Merit After Coup (1999-2016)



Note: The Figures on the left averages Merit by district, whereas, the Figures on the right averages by district-year.