

Developmental Legacy of Deng Xiaoping's Reform Strategy and China's Economic Rise: Lessons and Implications for Governance, Institutional Reform, Industrial Development and Economic Growth in Pakistan

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Received: 22-01-2026

Revised: 06-02-2026

Accepted: 20-02-2026

Published: 08-03-2026

ABSTRACT

This paper will discuss the reform plan of Deng Xiaoping and its implications with references to the ruling and economic growth of Pakistan. The transformation of China which started in the 1978 was a succession of ideological leadership under Deng to a pragmatic reform with concentration of strong political leadership and slow economic liberalization. This paper suggests that these reforms would be successful not just due to the policies that were market oriented, but due to a combination of sequencing, institutional discipline and continuity of policies that was facilitated with sound governance. Conversely, the economic reform efforts in Pakistan had been sabotaged by political instability, poor institutions, divided authority, and short-term policymaking. The paper analyzes how the assets of the structure of governance determine the success or failure of economic reforms based on a qualitative comparative approach based on the political economy and institutional theory. The analysis indicates that economic liberalization without governance reforms have a few and short fall outcomes. Although Pakistan cannot follow a similar path to China in terms of politics, the paper finds some principles of strategy transferability, specifically governance-based reform, institutional strengthening, and the establishment of long-term commitment to the policies, which are useful in the case of Pakistan. The paper has concluded that the problem facing the development of Pakistan is as much political rather than economic and that sustainable development means the synchronization between economic reforms and stable structures of governance.

Keywords: Deng Xiaoping, governance, economic reform, political economy, Pakistan, China.

INTRODUCTION

More debates on economic development have come to realize that economic development can not be explicable based on economic policy. Quality of governance, political stability, and institutional capacity determine the way economic reforms are made, carried out and continued. The example of the states that have been able to change their economic systems indicates that the reform directions are ensconced within political options and leaders' policies. In that more general argument, the restructuring of governance in China after 1978 is an especially useful example to study the relationship between arrangements of governance and economic reform.

a) Background

The connection between governance and economic growth has been held in the middle stage of the political economy research. It is highlighted in both the classical and modern literature that bolstered economic growth is not only possible through market mechanisms, but also through the existence of durable political authority, a reputable institutions and continuity of policies (North, 1990; Acemoglu and Robinson, 2012). States that have managed to transform successfully into middle-income or high-income states have generally resorted to both changing their economies and implementing specific governance strategies to ensure permanence as well as proceed with change.

A political-economic transformation in China that occurred after 1978 under Deng Xiaoping is one of the most dramatic examples of this kind of transition in the modern world. The events that have ensued due to the upheaval of the Cultural Revolution saw the states of China, being institutional paralyzed, economically stagnant, and ideologically inflexible. The reform strategy introduced by Deng was the first major departure with the dogmatism of economic planning and instead of dogmatism, it gave way to pragmatic trial and error and maintaining a strong political structure. As opposed to fast liberalization, changes were done in bits to enable the state to experiment on policies, redress failure, and multiply successful ones without weakening political power (Naughton, 2007).

Another characteristic attribute of Deng approach was sequencing of reform. Instead of being viewed as a barrier to change, the political stability and party discipline were taken as the precondition of the change. A centralized power of the Chinese Communist Party was not to be surrendered, but distributed selectively to local governments and enterprises to make economic decisions. This decentralization was controlled to promote innovation without causing disintegration which forged the state to control the markets and not to relinquish to them (Vogel, 2011). Special Economic Zones, agricultural de-collectivization and slowing the opening up of the country to foreign investment were all integrated into an overall system of governance that focused on long-term planning and coherence of institutions.

However, in opposition to this finding, the trend of development of Pakistan in the post-independence era has been characterized by recurrent political instabilities and disproportional economic performance. Even though there has been a growth at times, Pakistan has not been in position to maintain the momentum of reforms. Alterations of governments, military takeovers, crisis in the constitution, and a shallow strategy of political calculations have eroded institutional capability and negative economic planning (Zaidi, 2015). Even the reforms in the economy have been brought about as a reaction to crisis and not a long-term policy which has created policy reversals and minimal structural reforms.

The Pakistani state has swiveled between centralization and decentralization and it has not yet been able to build long term governance structures that can underpin a sustained economic reform. The lack of accountability institutions and civil-military disequilibrium and broken political power have limited the pursuit of stable economic policies (Husain, 2018). Consequently, market-oriented reforms have often failed to deliver inclusive growth and the level of mistrust in the institution of the state has gone down.

The Deng Xiaoping reform strategy as compared to that of Pakistan offers an effective analytical perspective of understanding the fundamental successes of the same economic instruments in different political setups. The comparison in this study points at the role of governance and its design; approach of the leadership, and institutional discipline to influence patterns of development. Instead of projecting the experience of China as something to emulate, the given comparison can be used to critically evaluate the strategic principles that made China achieve reformation operating under the conditions of political constraint and whether these principles can be applied to the situation in Pakistan as both the factor that governs its political and economic development issues.

b) Statement of the Problem

The endemic economic troubles affecting Pakistan are often re-stated in technical or financial terms, i.e. in the form of fiscal deficits, balance-of-payments crisis, or poor levels of investment. These issues are significant but the explanation of it usually ignores underlying governance-based constraint that influence economic performance. Recurrent reform efforts have not succeeded due to a deficiency of economic prescriptions, but owing to ineffective political institutions, a lack of viability in its policies, and absence of a stable government structure, which can enable long-term reform (Husain, 2018; Zaidi, 2015).

One of the primary issues which face the path to development in Pakistan is the lack of interaction between economic reform and political running. Policies made in the economic policy are constantly announced without institutional reforms, and thus, with a partial approach, and revisions. Governmental transitions, civil-military forces, and brief electoral periods have promoted the immediate-term policymaking methods, tampering with the continuity of the reforms and reducing the investor's trust. Consequently, it is very probable that economic reforms lead achieved limited or short-lived benefits in place of the long-term structural change (North, 1990).

Conversely, the success of economic reform contingent on the design of governance has been depicted by the transformation of China that started in the post-1978 period under the leadership of Deng Xiaoping. The plan of Deng acknowledged the fact that the market is not isolated to the political power. Reforms were entrenched in a disciplined political system which advanced stability, institutional coherence and incremental change rather than weakening the state. By doing so, China was able to experiment economically without any major political interference, which would have resulted in continuous growth throughout a number of decades (Naughton, 2007; Vogel, 2011).

The issue, however, is the fact that the reform experience realized by China can be directly moved into the realm of the Pakistani politics. Pakistan follows another institutional, constitutional, and social structure, which is a competitive political system, federalism and a complicated civil-military relation. These cultural peculiarities beg the key questions concerning relevance and adjustability of reform plan used by Deng. Borrowing blindly is dangerous as it can bring out simplistic thinking and discarding all out-rightly is not good as it ignores the fact that strategic information can be of use (Rodrik, 2007).

The paper contributes to the niche in the literature on economic reform discussion and the study of governance in Pakistan by analyzing the reform approach of Deng Xiaoping as a political-economic, as opposed to an economic, framework. The essence of the issue discussed is that the strategic principles based on the reforms initiated by Deng, including the sequence of policy changes, discipline of the institutions, and the economic transition led by governance can inform the development operation in Pakistan without any reference to the political realities. The study attempts to make a contribution to a more comprehensive understanding to the success or failure of economic reforms in Pakistan by examining governance structures instead of responding to the policy instruments only.

c) Research Objectives

- To discuss the politico-economic aspects of Deng's reform policy, focusing on the relationship between political and economic reform in the long-term development of China.
- To discuss the governance-related challenges which are impeding the design and execution of economic reforms in Pakistan; and to explore the applicability of Deng Xiaoping's approach of economic reforms to Pakistan's governance and economic policies.

d) Research Questions

1. What strategic approach did Deng Xiaoping use to integrate political power and economic reforms in promoting China's long-term development?
2. What aspects of governance have limited the formulation and implementation of economic reforms in Pakistan?

LITERATURE REVIEW

Deng Xiaoping's Reform Strategy and China's Transformation

The completion of the dealing with the dengue problem and return of the fragile state have occurred through the application of The Reform Strategy that was initiated by Deng Xiaoping in China and the evolution of the nation into a contemporary and evolutionary one.

It is a widely accepted academic opinion that the 1978 change in China was a groundbreaking period in which the ideological power had been overturned and replaced by realistic reform. Decision-making in the economy was put aside to the ideological dogmas of Marxism and focused on practical results under the direction of Deng Xiaoping, who often said that they should seek truth in facts (Vogel, 2011). Instead of abolishing the socialists, Deng restructured them to suit the market mechanism without sacrificing power.

According to Naughton (2007), China was successful in the reforms because it was gradual and experimental. However, the policies were initially experimented at a local scale and then expanded into the national scale to enable the state to learn by looking at the mistakes, without disrupting the whole system. This strategy diminished social resistance and made it possible to keep on refining the policies. Another point that the scholars stress on is that the process of decentralization took place in the boundaries that were clearly defined so that the autonomy at the local level would not jeopardize the central power (Vogel, 2011).

An important theme that was evident in the literature is the fact that Deng insisted on political stability as a pre-condition to economic reform. Instead of looking at political control as a hindrance towards growth, Deng viewed it as a prerequisite towards the development over the long term. The political and economic liberalization in China as a combination of centralized power and with low economic liberalization rates makes the China reform experience unique compared to most transition economies that followed the fast path by liberalizing politically and economically at the same time with destabilizing effects (Rodrik, 2007).

Governance, Institutions, and Economic Reform

The general political economy literature highlights the fact that institutional and governance are the most important elements to influence economic outcome. North (1990) argues that it is through the institutions that the rules of the game are offered and thus organize the incentives and uncertainty reduction in the economic life. In any of the cases where economic institutions are strong and legitimate, economic actors tend to invest, innovate, and have a long-term strategy.

The literature of sequencing reforms indicates that the problem of institutional capacity and political power tend to influence the success and failure of economic reforms. According to Rodrik (2007), nations that have embraced slow and circumstantial reforms have done better than the one that subscribe to a

single policy meal. In the Chinese situation, the reforms became institutional, enabling the introduction of reforms through a larger governance platform and not as individual economic actions.

According to Acemoglu and Robinson (2012), however, not every kind of political control leads to the achievement of positive economic results. They claim that generally, the conducive institutions tend to be the inclusive ones rather than the extractive ones in terms of sustainable development. They, however, realize that the case of China is one that does not allow economic development to be simply categorized, given that the economic growth took place within a politically restrictive system. Such a contradiction has created a continuous argument on whether the effectiveness of governance is the main focus of the development analysis rather than regime type.

Pakistan's Political Economy and Reform Constraints

The Pakistani political economy literature has made a different impression. Researchers always single out instability in governance, seizing elite, and ineffective institutional capacity as the major obstacles to economic reform (Zaidi, 2015). Pakistan has been characterized by intermittent constitutional governments, alternating military and civilian regimes and failing policy frameworks unlike China which has hampered continuity of reforms.

Husain (2018) opines that economic problems facing Pakistan cannot be blamed on poor economic thought but a deficient implementation potential. The reforms are frequently imposed externally or under the crisis circumstances especially through the agreements with the international financial organisms, and not through the strictly national, long-term policies. This has led to incomplete reforms which have not gone to the root cause of problems.

The relations between civil and military also make governance in Pakistan more complicated. The literature implicates the impact of any change in political power in interrupting the institutional learning process and undermining the mechanism of accountability, which lowers the efficacy of the economic policymaking procedure (Zaidi, 2015). Consequently, economic reforms have not been able to get the popular acceptance thereby facilitating resistance as well as policy reversal.

Comparative Perspectives and Limits of Model Transfer

This is because comparative studies of development warn about blindly applying the models of reform in different settings. Acemoglu and Robinson (2012) show that historical, social and institutional variations influence the result of any reform making it difficult to replicate them directly. On the same note, Rodrik (2007) proposes that successful reforms are the ones that can change the general principles to suit the local circumstances instead of replicating the forms of institutions.

Under this discussion, researchers are becoming more prone to adhere to reform strategies approaches instead of particular policy tools. The case of China is therefore not perceived like it has to be copied, but rather serve as an example of how the governance design, leadership approach and the process of reforms can shape development paths. This view is the one that advocates the comparative analysis in terms of strategic principles that revolve around the institutional imitation.

Research Gap

Although ample amount of literature has been written on the reforms initiated by Deng Xiaoping, and the politics of Pakistan separately, very few studies have been done with a comparative approach to both using a governance based perspective. There is a tendency in current literature on Pakistan to focus on the

economic aspects and not fully incorporate the governance factors and the literature on China is mostly based on domestic change and not its applicability in comparison with other countries. This paper intends to fill this gap by looking at the political and economical process of the reform strategy of Deng Xiaoping as well as evaluating the applicability to addressing the issue of governance and development of Pakistan in economic spheres.

THEORETICAL FRAMEWORK/ CONCEPTUAL MODEL

The research is based on the political economy and institutional theory which in combination highlight the idea that economic performance cannot be taken out of context of the political and institutional context in which it takes place. Instead of following a kind of autonomous institution of markets, the view of political economy of economic reform as a politically mediated process is shaped by the power relations, the structure of governance and state capacity. The institutional theory also emphasizes on the importance of formal and informal rules in organizing incentives and restricting behavior, which has an influence on the economic outcomes in the long run (North, 1990).

The main assumption in this framework is that the stability of the governance, institutional capacity and policy continuity are important determinants of reform success. A powerful political power can minimize uncertainty, mobilize actors as well as make them compliant, which is the essential measure towards effective economic reforms implementation. In places where the political power is decentralized or is at stake, then reform measures would tend to be increasingly inconsistently applied or reversed and in any case this would negate their effects on development (Acemoglu and Robinson, 2012).

The reform strategy suggested by Deng Xiaoping can be a good empirical example of these theoretical observations. This political strategy of centralization and selective economic decentralization by Deng was strategic and provided the capacity of experimenting with politics but still maintaining institutional coherence. Instead of undermining the state, economic reform in the hands of Deng was entrenched in a well-disciplined political system that put long term goals over the short term political interests. This is in line with the institutionalist claims that successful states are those that can change policies without undermining the basic government institutions (Naughton, 2007).

The conceptual framework used to inform this research paper connects linkages between governance formations and the success of economic reforms by using a series of cause-and-effect processes. The stability of governance facilitates continuity in the policy level which consequently provide the economic reforms an opportunity to grow and have cumulative impacts. Institutional discipline and leadership coherence minimizes opportunistic actions, enhances policy credibility and creates an environment where investment and innovation are made easier (Rodrik, 2007). In this model political power is not an impeditive factor to markets but a coordinating thing that defines the path and speed of change of the economic process.

The use of this model on Pakistan points to the essence of the need to sequester politics and institutional transformation. Pakistan experience indicates that economic liberalization that is initiated in the lack of stability in governance is unlikely to bring about a sustained growth. The continuity in political leadership, the lack of accountability, and multiple centres of power also cause a frequent change of political leaderships and destabilize the learning process in an institution (Zaidi, 2015). Institutional wise, these circumstances increase the cost of transactions and uncertainty that deters long-term economic activity (North, 1990).

This paper will hence conceptualize economic development as interaction process between governance and reform strategy. The framework does not believe that the political system in China can be translated

to Pakistan. Rather it emphasizes on strategic principles reform sequencing, institutional discipline and leadership coherence which can be applied to various political settings. The framework by placing the reform strategy of Deng Xiaoping in political economy and institutional theory gives a systematic point of reference to compare the experience in China with the development dilemma in Pakistan and contextually understands the differences.

Hypotheses / Propositions

H1: good and robust governance enhances the chances of good economic changes.

This hypothesis is based on the theoretical premises of political economy and the institutional theory which argue that predictable political power and well-etching systems of governance minimise uncertainty and allow predictable implementation of policies. According to theoretical explanation of this research, it is assumed that stability of governance leads to better reform credibility, economic policies will be able to be developed with time instead of being shaken with change of politics or conflict of institutions.

H2: Economic reform being done without the institutional and political discipline is bound to flop in the policy process.

This school of thought is based on the thesis that economic reforms can never work in isolation as merely a technical intervention. Devoid of institutional discipline, coordination and enforcement capability reforms are subjected to partial implementation, capture by elites and compromise. Based on comparative lessons gained in regard to the reform strategy of Deng Xiaoping, and the example of reform in Pakistan, this proposal holds the assumption that poor governance is a sabotaging factor in the success of reform in spite of the economic justification of the policies.

DATA AND METHODOLOGY

This research design is qualitative comparative research design that will be used in order to test the association between the structure of governance and the success of economic reforms. The qualitative method would be effective in the context of this research in the sense that the study focused on comprehending reform measures, leadership decisions, and institutional patterns not to quantify economic performance using quantitative measures. Similar research design used by the previous researchers (Ashraf et al., 2024; Khan et al., 2025; Liaqat et al., 2025). The studies of political economy point out that reforms processes are institutionalized, and hence the qualitative method is important in identifying the causal processes that cannot be quantified easily (George and Bennett, 2005).

In this study, the researcher uses secondary data as the major source considering academic books, peer reviewed journal articles, policy reports, and official historical analysis. These sources give in-depth details about the experience of reform in China under the Deng Xiaoping rule and the governance and economic path of Pakistan since independence. The most important materials are the materials about the post-1978 reforms in China, the institutional theory, and the political economy in Pakistan, which will guarantee the depth and the balance of the comparison (Naughton, 2007; Vogel, 2011; Zaidi, 2015).

The research method is designed in the form of a structured comparative strategy that is oriented at determining similarities and differences in reform strategy but not on just results. The three analytical dimensions based on the theoretical framework, which are identified and the comparison organized on, include governance stability, institutional capacity, and reform sequencing. These two dimensions can be

used to conduct a systematic study of the role of political power and institutional discipline in economic reform in China, and its lack or absence in Pakistan to limit reform (North, 1990; Rodrik, 2007).

The study does not use any macroeconomic indicators (GDP growth or inflation rates) but qualitative indicators of reform effectiveness. They are the continuity of the policy, institutional learning, leadership coherence, and capacity to deal with the reform-related conflict by the state. This selection can be attributed to the main thesis of this study that the quality of governance is the determinant of the economic reforms and numerical variables cannot be used to explain varying developmental paths (Acemoglu & Robinson, 2012).

The analysis is done by analyzing the reform incidences in the two cases through contextual reading. In China, one is concerned with the way economic changes were implemented gradually with a centralized political system that was able to conduct experiments and did not instigate instability in the system. In Pakistan, the discussion of the role of political turn taking, institutional fragmentation and the disruption of governance has reduced the sustainability of reform in Pakistan. It is based on this comparative logic that the study will evaluate not whether Pakistan ought to imitate the reforms made by China, but whether the rationality behind the planning made by Deng Xiaoping can be used to guide the governance and development activities within Pakistan.

Lastly, the qualitative comparative research possesses limitations, which have been recognized in the study. Political systems, past events and social structures are dissimilar thus limiting direct comparisons. Nonetheless, using reform strategy as opposed to institutional form to construct the methodology makes analytical generalization possible instead of empirical replication. This strategy enhances the contribution of the study to the discussion on governance-based development and the sequencing of reforms in the states of the developing country.

RESULTS / FINDINGS

The results of this research provide evidence that there is a line of correlation between the stability of the governing practices and the success of economic reforms. Political authority and political discipline were consolidated in the case of China before the economic transformation under the leadership of Deng Xiaoping came about. Such sequencing eliminated too much uncertainty, and it also created a consistent situation whereby the gradual economic liberalization could be established and revised through time. This capacity of the Chinese state to have centralized political control and allow localized economic experimentation was one of the main underlying reasons in keeping the reform going (Naughton, 2007; Vogel, 2011).

The results also indicate that the reform strategy of Deng was marked with the policy continuity and the long-term vision. Economic reforms have never been seen as individual one-off interventions but they are part of an overall and coordinated approach towards governance goals. The state was still able to rectify policy failures without giving up reform altogether, which allowed institutional learning and progressive development. This is a stark contrast to the way things went in most of the developing nations where liberalization was initiated at a rapid pace without proper governance and in most cases, that translated to an economic roller coaster (Rodrik, 2007).

The findings of the case in Pakistan have indicated that political instability and poor institutional capacity have been the main challenge in ensuring economic reforms are successful. Reforms have never been put in place and even given time to develop due to change of political leadership, lack of government through constitutional means, and rivalry among centers of power. This has generally led to

economic policies being overturned or watered down without reflecting in any meaningful structural change (Zaidi, 2015; Husain, 2018).

The other important discovery is that there has been no continuity in the policies in the reform process in Pakistan. Economic reforms are generally put in place to address short-term crises especially balance of payments crises instead of forming a long-term development plan. This immediate tactic has constrained learning within the institutions and has lowered the credibility of reforms, lowering the confidence of the people and investors. In contrast to that of China, the governance structure in Pakistan has not been able to align the priorities of people politically and economically in the long term (North, 1990).

In the comparative results, there is also a point of leadership coherence in determining the outcome of the reform. The given position of Deng in the Chinese political system allowed making significant reform orientation and controlling the forces of opposition successfully, whereas the Pakistani political system is too fragmented, which has limited the ability to formulate a strong leadership to adopt long-term reform. These results indicate the hypothesis of the study that economic reform in the absence of sound governance and institutional discipline is likely to produce limited or short-run gains and not long-term growth.

DISCUSSION

The results of this paper support the main thesis of political economy according to which economic reform is not a technical activity but something essentially political. The reform strategy, vested by Deng Xiaoping, proves that markets need a favorable system of governance in order to operate successfully. Instead of abating the political power, the Chinese state led by Deng redefined the authority of the institutions to lead transformation of the economic system in a controlled and strategic way. This supports institutionalist views which highlight the significance of the capacity of governance and policy coordination processes making development outcomes (North, 1990).

The case of China and Pakistan shows the relevance of sequencing of the reform. Political stability was a factor that led to economic liberalization in China, which enabled reform implementation in a gradual manner changing with time. This sequencing minimized social upheaval and facilitated institutional learning which justifies the opinion by Rodrik (2007) that effective reforms are situation unique and they change via experimenting instead of transforming in a short period of time. The example of Pakistan, however, demonstrates how dangerous it can be to embark on economic liberalization without institutional reform. The lack of stability in governance has also led to disparities in growth, reversal of policies and disappointment among the populace about reforms (Zaidi, 2015).

As a factor that causes divergent outcomes, it is found that leadership coherence plays a key role. The political power held by Deng Xiaoping in the Chinese political dynamism enabled him to control internal resistance and keep the reform going to decades. The undivided political leadership in Pakistan has been limited by political power divisions and end-game power blocks to execute long-term reform agenda. Such an observation is consistent with Acemoglu and Robinson (2012) view that such weak institutions undermine the effectiveness of policies whether economic intention exists or not.

Meanwhile, the discussion also highlights the restrictiveness of direct comparison. The political structure of China does not have a similarity with Pakistan in the constitutional and democratic structure. The usefulness of the reform strategy of Deng is consequently not in the replication of the institution but in the strategic change. Continued policy, institutional discipline, and reform led by governance are values that may be sought among the various systems of politics. The only difficulty that Pakistan faces is that it

needs to establish the mechanisms of governance through consensus, which can support the reforms even after the electoral cycles.

The normative implication of the governance-led development is also mentioned in the discussion. The failure in reforms in Pakistan would be an indication that any economic policies that were enforced without institutional legitimacy would not receive support. It is thus imperative to enhance the quality of governance structures, accountability as well as harmonizing political incentive with the objective of long-term development to ensure reform sustainability. Such insights prove the hypotheses of the study and enhance theoretical framework that gives the relationship between governance stability and outcomes of economic reforms.

All in all, the discussion places the strategy of reform that Deng Xiaoping implemented in a high position as an analytical tool instead of a prescriptive guide. It adds to the wider discussion of political economy in that it shows that the outcome of development, as well as, is a product of not just economic decisions but also the political systems that facilitate and restrict reform.

CONCLUSION

This paper has analyzed the reform strategy by Deng Xiaoping to evaluate the effects of the same in the governance and economic growth of Pakistan. The analysis shows that, economic liberalization was not the primary cause of the transformation taking place in China starting in 1978, but a carefully chosen governance policy of promoting stability, institutional discipline and continuity of the long-term policy. The approach of Deng Xiaoping portrays how the use of political power, when intelligently applied, will facilitate, as opposed to hamper economic reform (Naughton, 2007; Vogel, 2011).

The results support the hypothesis that the development issues in Pakistan cannot be comprehended in terms of economic indicators along with policy guidelines. Constant political instability, poor institutions and divided powers minimized the impact of economic reforms. This resulted in recurrent episodes of half-hearted implementation and lift-and-toss-back. Thus, this scenario, supports views of the institutionalists that the quality of governance determines the quality of the economy. (North, 1990; Husain, 2018).

One of the main learnings of this paper is that strategic sequencing is the main lesson of the Deng Xiaoping reform strategy rather than tyrannical rule. Economic reform should be preceded and conducive by political stability and institutional coherence in case it will bring about lasting development. Having experienced that, it is speculated that Pakistan will not be likely to achieve a sustainable growth or even social legitimacy by liberalization that has been implemented without some form of governance change. This corresponds to the general political economy literature that put an emphasis on the institutions and their influence in development patterns (Acemoglu & Robinson, 2012).

Simultaneously, this research paper recognizes the drawbacks of direct model transfer. The set up of China politically, their conditions historically and their leadership is very different to what Pakistan has. Consequently, the topicality of the reform strategy offered by Deng is based on its strategic principles, but not its institutional model. In Pakistan, political continuity, governance and reform sequence are adjustable within the Pakistani constitutional frontier without corrupting the democratic standards.

Conclusively, sustainable economic development in Pakistan needs a united system of reform where governance reform is viewed as an effective part of economic policy. Pakistan can make the environment more conducive to the stable growth by being more mindful of the long-term by instituting the practices that help strengthen the institutions of the already weak economy. This paper adds to the existing

discussions on a governance-led development in bringing out the political basis of economic reforms and provide a comparison standpoint based on institutional theory.

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