



# CLARIFYING “ELITE CAPTURE”

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In public discourse, the term “elite capture” is increasingly used as a shorthand for various problems relating to governance and policy decision-making in Pakistan. There are merits to this use, though its intended analytical impact can be sharpened via the clarification of some key aspects. How are elites defined? What does elite capture entail in Pakistan’s case? What are the mechanisms that sustain elite capture? And finally, why can it plausibly be deemed a problem?

The term “elite” comes from the sociological study of power and stratification, and has antecedents in Weberian and Marxist sociology. Weberian sociologists draw models of social hierarchy based on power and use of resources and the returns these resources can obtain under conditions of market exchange.<sup>3</sup> In this framework, elites are individuals or groups of individuals who carry significantly more valued resources (wealth, credentials, political legitimacy, or public authority) than other groups. In other words, elites are defined by the type of power and resources they possess.

Marxian sociologists, on the other hand, have long preferred the term ‘class’ to categorize groupings of people based on their specific role and relations in the processes of production. In classical models, the dominant class under capitalism is the capitalist class – i.e. industrials and other business owners who control the means of production. However, with the development of modern managerial and shareholder capitalism and

the growth in the power and autonomy of the state, we are confronted with the presence of new groups (like professional CEOs, lobbyists, state officials etc) who are in a relationship of social dominance with others, without necessarily “owning” the means of production.<sup>4</sup> These can be classified as elites.

Across both frameworks, control over power and access to resources – whether through possession of specific credentials, relational positions of authority, or wealth – remain a central characteristic of any group that is classified as elite. High-ranking state officials, industrialists, large landowners, and high-ranking professionals can all be plausibly categorized as elites. It also follows from this definition that elites exist across all societies, though their relative power may differ depending on the degree of inequality in that context.

The term elite capture refers to recurring process of governance and state intervention (through commission or omission) that provides ‘undue’ or ‘unearned’ advantages, or rents, to the elite. Undue here means that such advantages are conferred by law, regulation, or informal practice of the state rather than through the abstract notion of free competition. The term ‘capture’ specifically points to the entrenched and recurring aspect of obtaining these advantages.

<sup>3</sup>Domhoff GW. 1967. Who Rules America? Englewood Cliffs, NJ: Prentice-Hall

<sup>4</sup>Mills CW. 2000. The Power Elite. Oxford: Oxford Univ. Press

Standard examples of such undue advantages from the Pakistan context include subsidies and tax breaks for certain categories of businesses who are otherwise not competitive at a global level; state officials rewarding themselves with wealth transfers (such as subsidized land, arbitrary increases in remunerations); politicians rewarding favoured media houses with government advertising, and so on<sup>5</sup>.

For our interest, it is useful to lay out the mechanisms of how these undue advantages are repeatedly accrued to different types of elites. The first mechanism is the relationship between wealth and power.<sup>6</sup> In Pakistan, money buys access to power and, in many cases, power itself. Politicians elected to national and provincial legislatures tend to be propertied elites – both rural and urban.<sup>7</sup> Their behaviour in office in terms of laws passed and issues given attention to is conditioned by this background, leading to reproduction of advantages that sustain their privilege.

Another key mechanism is the continued formal role for the state in a wide variety of societal domains. This takes a variety of straightforward forms, such as bureaucrats determining taxation policy – i.e. which specific sub-sector gets a rebate or protections through tariffs; or land zoning and development authorization; or something as basic as determining their own perks and remunerations. The persisting role of unchecked and opaque bureaucratic authority is thus a key mechanism through which elite capture (specifically of the state elite) is sustained.

If elites exist in every society, and there is longevity in the types of groups that can be classified as elites, why is elite capture deemed to be a problem in Pakistan? After all, business owners and high-ranking state officials are powerful in all contexts to varying degrees.

In Pakistan's case, the specific nature of elite capture has produced three harmful consequences that are worth considering. The first is that the recurring 'undue' advantages such as subsidies and protections granted to some types of elites have hollowed out productivity in the economy. Barely anything produced in Pakistan is competitive at a global level, leading to the boom-bust cycles and frequent balance of payment crises that characterize our macroeconomic trajectory since the 1980s. Because rent-seeking is a viable firm-level strategy to secure returns on capital, there is no incentive for greater competitiveness.

Secondly, the devotion of public resources for other ends – such as enrichment of state officials and to pay off the interest on debt taken to sustain the state – places hard limits on the adequate development of human capital. The consistent underfunding of health, education, and other related social sectors results in a population that ranks the lowest in the region as far as human development outcomes are concerned<sup>8</sup>.

Finally, as mentioned earlier, specific categories of elites remaining at the top of power and resource pyramids in the country is not necessarily a unique problem. What makes Pakistan's case more problematic is the lack of churn within elites; i.e. the inter-generational persistence of elite status within certain families and households.

Nowhere is this more visible than in the identity of political representatives, drawn from a pool of a few hundred families since the time of statehood.<sup>9</sup> However even beyond politics, a relatively small pool provides constituent members of business elites, high-powered professionals (lawyers, corporate) and high-ranking state officials. Thus Pakistan's particular variant of elite capture perpetuates stagnation in mobility and widening of inequality.

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<sup>5</sup>Armytage R. 2015. The Social Lives of the Elite: Friendship and Power in Pakistan, *The Asia Pacific Journal of Anthropology*, 16:5, 448-463

<sup>6</sup>Javid, H., 2011. Class, power, and patronage: Landowners and politics in Punjab. *History and Anthropology*, 22(3), pp.337-369.

<sup>7</sup>Javed, U. 2019. 'Ascending the Power Structure: Bazaar Traders in Urban Punjab', in M. McCartney and S.A. Zaidi (eds) *New Perspectives on Pakistan's Political Economy: State, Class and Social Change*. Cambridge: Cambridge University Press (*South Asia in the Social Sciences*), pp. 199–215

<sup>8</sup>UNDP's 2023-2024 Human Development Report points to a global 'gridlock' of increased inequality and political polarization | United Nations Development Programme (no date). Available at: <https://www.undp.org/pakistan/press-releases/undps-2023-2024-human-development-report-points-global-gridlock-increased-inequality-and-political-polarization>

<sup>9</sup>Cheema, A., Javid, H. and Naseer, M.F., 2013. *Dynastic politics in Punjab: Facts, myths and their implications*. Institute of Development and Economic Alternatives, pp.01-13.