

Elite capture or elite failure?

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State played a pivotal role in capitalist development in latecomer capitalist economies like Germany, France, and Austria, and the Development Project of non-capitalist economies and expansion of capitalist market system during colonization of many Asian, African, and Latin American countries. This was done by subsuming pre-capitalist economies under the capitalist market. Expansion of the 'free' market to vast swathes of lands in these colonies meant encroachment of pre-capitalist community economies, expropriation of commons, creation of highly unequal patterns of development, dislocation of resources and marginalization of pre-capitalist communities (Leitner 1882, Haq: 1966, Li: 2007, Lewis: 1969, Chang: 2011). Every new wave for deeper penetration of these socio-economic formations reproduced existing inequalities between the 'global' capital and 'local citizens' in new and at times more challenging ways (Mosse:2005, Li:2007). Due to the failure of state policy and the free market to improve the quality of life of the poor, foreign assistance (and debt accumulation) has been seen as a panacea to solve the problem of underperformance. This framework is based on three critical assumptions. One, embracing the capitalist market is the natural and linear path for development to be taken by non-capitalist economic formations. Two, the state plays a key role in the expansion of the capitalist market. Three, the state is a monolith, and the relationship between the state and citizens is seen as a unilateral relationship between the donor and the recipient and not interdependent. So, the accumulation of debt and transferring the debt burden to the poor through indirect taxation framed as elite capture explains the state and market failure in developing economies like Pakistan. This narrow view of the state-citizen relationship implies that the allocation of

more resources by the state to the citizen, and the 'reversal' of the elite captures the solution for the underdevelopment of human capital and extremely unequal distribution of income (Ahmed: 2008, Sachs: 2018).

Conversion of the allocations made by the state into outputs and outcomes depends on the political context and system of governance (Leftwich: 1994,2002). A system of governance based on exclusionist ideology and practices, reflected in high administrative costs (Hasan: 1997) and narrow taxation base (Cyan and Martinez: 2015), cannot address the human development and poverty alleviation problem by introducing apolitical and historical rules and norms of accountability. A shortcoming of such 'technical solutions' is reflected in the functioning of the market. The market fails due to a lack of profit-making opportunities caused by diseconomies of scale for delivering services to disorganized low-income communities i.e. fragmented receiving mechanisms (Husain: 1992 Khan: 1996). State and market failure creates 'anarchy' at the community level (Khan: 1996). It leaves the field open for both civil society and rent-seeking sections of society to take over the delivery of services. Productive rent seekers can provide part of the solution by expanding investment in the human development sector due to its profitability (Hasan: 2007, Rahman: 2008). Civil Society Organizations succeed if they create the necessary conditions for neutralizing unproductive rent-seeking by establishing solidarity networks and initiating the process of community-state engagement for the improvement of services (Hasan: 1997, Pate et al. 2001, Pervaiz et al. 2008).

To further explore the issues raised earlier it is pertinent to ask why the available means for service delivery are not converted into outputs. Is deficient service delivery caused due to elite capture, lack of inclusive governance practices, rent-generating practices of the state functionaries or due to rent collection by unproductive groups? In specific one needs to ask if a low level of service delivery is caused due to the limited management capacity set of the state or infringement of the local agency due to exploitative relationships between the elites and communities. (Sen 1999, Hasan: 2007, Khan: 1980, UN: 2004, Rahman: 2013, De Herdt and Bastiaensen: 2008, Khan: 2004). In this connection, one may also ask if deficient service delivery is caused due to the absence of a dynamic state with an appropriate set of transformative capacities; the absence of democracy or weak organization of social power (Khan: 2004, De Herdt and Bastiaensen: 2008, Oxhorn: 2011) due to a manipulative of mechanisms that perpetuate inequalities, or domination of 'outsiders discourse' (Mosse: 2010). Put another way; one may ask if programs for improvement of human capital are constrained due to political-economic relations they cannot change or due to their failure in exploiting the range of possibilities inherent in the given relationships (Li: 2007).

Why does the legal and fiscal space provided by the state not result in access to basic services and the improvement of human and social capital in low-income communities? Is it due to exclusionist governance practices based on the unproductive rent-seeking behaviour of ruling elites or the failure of civil society to counter the unproductive rent-seeking behaviour by initiating and sustaining inclusive social processes for seeking access? What are the origins, causes, and consequences of these practices? Can inclusive social practices reverse the exclusionist governance practices within the existing system and available means? What are the essential ingredients of inclusive social practices for achieving access to water supply services? Elite is one side of the equation; solidarity networks are the other side. Failure of the elite capture and success of solidarity networks can be seen if we start looking at the magnitude of solidarity network's impact in the provision of welfare services, support to social justice and introducing progressive legislation.

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