

# INTRODUCTION

## Making Money in an Unequal and Unstable World



In a car ride from Islamabad to Lahore, my new acquaintance, Murtaza, asked me, 'So, how do you categorise class, and how do you measure who belongs to which class?'

I laughed and told him that was part of the great debate on class and tried to avoid getting into a very technical discussion by saying I was still coming to terms with the various class divisions in Pakistan.

He looked at me shrewdly and said,

I can tell you how to define class and who belongs to it. You can use the categories we use in my cigarette company. The first category is the lower class. You can identify these people because they arrive at the store that sells the cigarettes by foot or bicycle, and they purchase the 'Explorer' brand. It is our cheapest cigarette, and uses the lowest quality tobacco and the harshest chemicals. Most of the cigarettes we sell are in this category. The second category is the lower middle class. They arrive at the store by motorcycle, and they purchase 'Steel' brand cigarettes, which are slightly more expensive. The third category is the upper-middle class; they arrive in a car, but probably a cheap car, and they buy 'Titanium' brand cigarettes, which are again more expensive. The fourth category is the elites. They buy 'Diamond' cigarettes. We sell much fewer of these, because they are much more expensive. They use our highest quality tobacco, and they have a much better taste. The people who buy these cigarettes arrive at the store in nice cars – foreign cars.

'So, do you also smoke Diamonds?' I asked, thinking I might be able to get him to acknowledge that he was also among the elite, something that no one I spoke with in Pakistan ever seemed to want to do. But he looked at me, and said, 'No, of course not. I smoke

*Marlboros*. And not the locally manufactured *Marlboros*. I specially import them because they taste so much better’.

My research began as an investigation into the aspirations of Pakistan’s middle class, a small but growing group of increasingly affluent professionals and small business owners with whom I was already familiar through my previous work at a non-profit organisation in Islamabad. The conversation above occurred a few days after I had arrived back in Pakistan to begin my research. I had arranged a lift from Islamabad to Lahore in the car of Murtaza, who I had been introduced to by a mutual friend. Murtaza was a businessman engaged in large scale manufacturing and trade. From the leather-seated luxury of his BMW, during the four-hour drive to Lahore we started the normal round of chit-chat in which new acquaintances engage when confined to a small space. Murtaza asked me what I was doing in Pakistan, and I briefly introduced myself as a researcher studying social class in Pakistan. By the end of the drive, our discussion had entirely reconfigured my research on economic power and class.

As the above allegory demonstrates, not only did Murtaza have a clear sense of how to target his product to each tier of the market in order to extract maximum profit, he had a pragmatic understanding of the economic disparity that defines life in Pakistan – and across much of the world. The wealthiest Pakistanis purchase the highest quality products and services available on the global private market, thereby sidestepping the poorly performing public sector and its provision of electricity, schooling, medical care, safety and security. But what struck me most from Murtaza’s market analysis of his cigarette consumers was that in purchasing his cigarettes from overseas, rather than smoking either his own or the domestically-produced version of an international brand, Murtaza positioned himself not only above his fellow consumer, but *outside of*, and *above*, the class structure he observed altogether.

In researching the elite, I had expected to uncover the political economy of Pakistan’s power structure, and the complex set of institutions and structures that determined the allocation of wealth and political influence. I expected to uncover a road map to the institutions through which power and resources flow and are distributed – corporate, bureaucratic, military and political. But as the months of my fieldwork went on, the formal functioning of these institutions receded into the background of the deal-making and negotiations in which my informants engaged. The deals made in corporate offices, the battles fought in court and the punishments meted out

to business groups by regulatory organisations for non-compliance, were largely ceremonial, pre-determined long before the formal negotiations took place, the regulation formalised, or the penalty applied. Underneath formal negotiations and the deals and contestations engaged in by corporate structures and legal and regulatory bodies, existed a complex network of familial and social structures through which economic and political competition, deals, alliances and agreements were pre-negotiated in living rooms and private social forums.

My informants, like the broader global elite of which they are a part, both determined the political and economic structures of their country – shaping its rules, regulations and institutional structures – and lived outside of the confines of these rules and frameworks, navigating and circumventing those which they found to be disadvantageous. Further, their role in shaping these laws, regulations and institutions, and the daily activities and negotiations through which they circumvented them, actively manufactured the social and economic inequality which enabled them to reap enormous profits hugely disproportionate to those accessible to the general public.

## **Inequality and the Global 1%**

Unprecedented capital mobility has defined the financial markets of much of the world since the 1980s, linking developing countries within an interconnected global system. A number of scholars have argued that the world is increasingly dominated by ‘hypercapitalism’, defined by instantaneous transfers of money and information that leads to the substitution of genuine human relationships for market transactions (Rifkin 2000, 112, Graham 2000, Inda 2001, Friedman 2004), and by the homogenisation of the world at large (Scott 1998), as well as the increasing similarities in lifestyle and background of the transnational elite (Sklair 2016). This global integration has created new opportunities for wealth creation, destroyed other pre-existing sources of monopoly business, and created new avenues for the capture of wealth, privilege and political influence.

In tandem with this global integration, concern about wealth inequality, and particularly the excesses of the world’s wealthiest – termed ‘the 1%’ – has risen over the past decade. Movements like ‘Occupy Wall Street’ in the United States reflected the growing unease and anger of ordinary citizens towards the lavish lives and excessive consumption of the rich, and what appeared to be their

ability to thrive at a time of widespread economic hardship and loss. Not only did the world's wealthiest appear to be insulated from the economic shocks that had plunged many ordinary citizens into debt and hardship, but many felt that they had generated these problems in the first place, and further, that their wealth and privilege seemed to be growing *as a result* of the suffering of the broader population (see Keister 2014). The first of these perceptions, that the wealth of the world's richest was growing, was supported by economic data: in the US, the Congressional Budget Office documented that the share of total income going to top earners in the United States had risen continuously since the 1980s and was higher by 2007 than it had been at any point since the Great Depression (Keister 2014). Worldwide, the richest 1% – those who have US \$1 million or more in assets – own 45 per cent of the world's wealth. 'Ultra high net worth individuals', those with more than \$30 million in assets, own almost 12 per cent of the total global wealth, yet represent only 0.003 per cent of the world population (Credit Suisse 2018).

Today, large swathes of the 'developing world' or 'global south' are engaged in a process of rapid economic development, growth and modernisation. Inequality, and the gross concentration of wealth in the hands of a few, is the defining feature of the current age. Across the world we see the elite, the global 'super rich', adept at navigating – and exploiting – the laws and regulations of their countries. In Asia, rapid economic growth has lifted many people out of poverty. The effects of globalisation are transforming formerly agrarian village-based societies into centres of global commerce and trade, increasingly governed by impersonal global marketplaces, standardised economic regulations and instantaneous cash transfers. Despite these dramatic economic and social transformations in parts of Asia, the region's richest 1% has acquired a much larger proportion of these gains than the general population.

The consumer-based class analysis of my friend, Murtaza, was illuminating in examining his view of the social structure of which he was a part, but what it did not explain was how he and others like him had come to occupy the highest position in the social class structure, how membership within this class had changed over the past eighty years, or the strategies elite families had utilised to cope with and adapt to the enormous challenges Pakistan has faced, politically, economically, and in terms of security, during this time. Nor did his analysis reveal the vast network of interlinking family ties, friendships, acquaintances and business associates upon which his power was dependent.

Are we really transitioning to an increasingly homogenous world governed by a transnational elite, standardised institutions and norms of business, economic transactions, and even governance? Led by this group of transnational, globally educated elites, is developing Asia pursuing a linear path of standardised development, and evolving towards the West?

Chakrabarty (2009, 1991) critiqued Western scholarship for portraying capitalistic modernity as an unstoppable force that would inevitably (albeit slowly) transform the government and social structures of the 'developing' world into those resembling the 'developed' West. He argued that traditional Marxist class analysis was inappropriate for understanding power and inequality in India (and by extension South Asia). Instead of examining the structural inequalities that characterised Indian society, Chakrabarty identified Indian culture, and the colonial legacy, as the root cause of India's poverty, inequality and economic underdevelopment, arguing that in India, 'hierarchy and the violence that sustains it remain the dominant organising principles in everyday life'. The dismissal of class as an analytic framework was particularly apparent within influential South Asian scholarship that strongly associated class with a Western-centric view of the world which was unsuited to the realities of South Asia.

Capitalist development and class relations have taken a different form in South Asia, but they nonetheless remain relevant and critical in understanding the region's political-economic dynamics. Rather than viewing capitalist development as operating along 'an inexorable, unidirectional trajectory of historical change' as much Western scholarship has implied, the power of capitalism lies not in its ability to create a universal form of capitalist production, but its ability to negotiate, and thrive within, 'the world of difference' (Sanyal 2014, 8).<sup>1</sup>

Until recently, class and class relations had been out of fashion as a means for examining and explaining social, political and economic inequality. Starting from the 1980s and the decline of the industrial working class in the West, class began to be used much less frequently as a key unit of analysis in explaining other aspects of social interaction and organisation, including relations of kinship, family, gender, ethnicity and race. There was a growing sense both within academic scholarship, and public commentary more broadly, that class categories had been transcended (Kalb 2015). Others argued that earlier class divisions had been subsumed into an ever-expanding 'middle' class, suspended between a small group of the poor, and a tiny group

of super-rich. In the context of this large and amorphous middle class, many felt that analyses of class relations were no longer relevant to understanding processes of power, development and social inequality (Touraine 1988). Some scholars went so far as to argue that, 'class is dead' (Pakulski and Waters 1996).

The enormous public interest in Thomas Piketty's (2014) analysis of global wealth inequality demonstrated the renewed public appetite for examining the relationship of class to wealth inequality. His research highlighted the crucial role that inheritance from parents to children plays in achieving and amassing high levels of wealth and the accumulative advantage and disadvantage this generates; once more placing family and kinship relations at the centre of discussions of wealth inequality.

Traditionally, the scholarship on elites has been divided between those that follow a Marxist understanding, defining groups in relation to their role in the means of production, and the social dominance or subordination this relationship determines, and those who follow a Weberian definition of 'status' groups which conceptualise elites as defined by the power and resources they possess. Despite these differences, both camps have conceptualised elites as a group possessing power, resources and authority over others (Khan 2012), and as occupying the apex of the social hierarchy (Abbink 2012). Detailed descriptions of who the elite are have also varied widely. Sociologists have tended to reduce class to a set of indicators based on income, ownership, debt and consumption (see, for instance, Savage et al 2013, and Goldthorpe and Jackson 2007). Other scholars have focused on class consciousness, defined as the joint interests and commonality a group possesses as a result of their shared relationship to production, their shared opposition to others (Thompson 2002), and the way that people self-identify (Amoranto et al 2010). Across disciplines elites are widely mischaracterised as a monolith (see Craig and Porter 2006, Hart 2001, Khan 2010), as the bearers of injustice (Khan 2012, Hart 2001) and as a faceless, self-serving, venal and corrupt group who actively seek to undermine all reforms they view as opposed to their own interests.<sup>2</sup> At their most simple, elites are 'those who are able to realise their will, even if others resist it' (Mills 1956, 10). While most academics and commentators agree on that point, beyond that, the definition of what the elite is, and of whom it is comprised remains nebulous, and often contradictory.

This is in large part because the private lives of the elite are notoriously under-researched. A number of popular books have recently attempted to document elites' private lives. The results have varied,

but tend towards the salacious, extravagant and outrageous. The reader is encouraged to be outraged by the conspicuous consumption they document, the casual nature of the privilege depicted and, at times, the callousness of their elite subjects towards the hardships faced by those with whom they share a city and a country. These depictions often obscure more than they reveal.

Mention of the global elite makes many of us uneasy. The reasons for this discomfort range from the many social ills with which they have come to be associated, from capturing public and private space in urban centres like London, Sydney, Dubai, to driving up housing prices, and creating urban ghost towns of expensive – and empty – apartments and displacing local communities. Other accounts describe elites skewing the delivery of public services through their purchase of these services on the private market. Even more sinister are accounts of the rich interfering in and warping both domestic and foreign politics. Many people simply feel a general distaste for the ostentatiousness of wealthy lifestyles – flashy cars, expensive watches and too many yachts. They appear to exist outside of the structures that regulate the behaviours, relationships, investments and collaborations of the rest of society. They count among their friends the nation's most powerful politicians, influential bureaucrats and wealthiest business people. The news is peppered with accounts of the world's wealthiest being caught out for massive manipulations of the legal, economic and normative structures which structure most of our lives. What about the privilege of their lives caused them to feel safe from possible reprisals?

We cannot seek to understand inequality, or social stratification and mobility without first understanding the lives of the top one percent of wealth owners<sup>3</sup> – and the histories, relationships, negotiations and conflicts that have caused this group of the social strata to amass enormous wealth and privilege while broad swathes of the general population continue to suffer.

Internally, elites are linked to one another through the circumscribed circulation of relationships and interactions (Abbink 2012), shared rites of passage and demarcated social spaces. The elite hold an extensive network among the most powerful – a network of the nation's most powerful and influential with whom they feel comfortable, from whom they can seek advice and from whom they have learnt the complex set of dispositions seen to convey prestige, authority, credibility and poise. In the UK, for example, an overwhelmingly large proportion of the political and economic ruling elite are Oxford University graduates. Many of these global

leaders hold the same Politics, Philosophy and Economics (PPE) degree, such as Bill Clinton, Benazir Bhutto, Aung San Suu Kyi and the Australian prime ministers Malcolm Fraser and Bob Hawke. In the US, the student body at Harvard University is one third legacy admissions, the tip of an iceberg of inherited privilege whereby the children of the wealthy benefit from the staff and facilities of prestigious schooling, and rigorous tutoring and test preparations. Globally, the educational backgrounds of the nation's politicians and financiers are remarkably similar. Beyond formal education, the children of the wealthy inherit their parents' networks amongst the business, political and bureaucratic leaders of the world, inculcating elite five-year olds with the historically and culturally specific norms and networks of the nation's established political, economic and social elite. From within the social worlds generated in elite educational institutions, social clubs and parties, appropriate marriage partners are pre-vetted, and inter-elite family alliances consolidated. Education, social forums and marriage are the critical and interlinked foundations of elite class reproduction. They also hold a critical role in networking not only a domestic class of elites, but a global one.

## **The Right Sort of People**

Murtaza's analysis of his consumer base shifted my research towards understanding the nature of modern capitalism, power and class, the grand issues that have transfixed anthropologists, economists and sociologists for the last two centuries. To be elite is to exist *in relation* to other social groups: to have more, while others have less. I decided to research the Pakistani business elite, those belonging to families who generate at least US 100 million dollars in revenue per year – the economic and political '1%'. The families included in my research owned the nation's major industrial and business assets, but they were also often part of extended families with a major role in national or provincial politics, or who had close family ties to the senior-most ranks of Pakistan's very powerful military establishment.

Consequently, though my informants were all businessmen (and in a few instances, women), many were also prominent politicians, or the sons or nephews of prominent politicians. Many were also the sons or daughters of now retired Brigadiers and Generals.<sup>4</sup> And though many claimed to be a-political, all had fostered close relationships with senior members of the bureaucracy.



Though I set the boundaries of my study on the business elite, those belonging to families who generate at least US 100 million dollars in revenue per year, this economic definition of the elite was problematic for a number of reasons – including the difficulty of accurately assessing income in a country where tax minimisation, and under or over-reporting wealth, is common – but also because it failed to include so much of what my own informants understood to constitute class and ‘the elite’. Clearly, being elite is much more than the possession of wealth, capital and resources (though these are also a prerequisite for membership). My elite informants were deeply occupied with being, and associating with, the ‘right sort of people’. To complicate matters further, the category remains highly nebulous even within the class itself. The privileged Pakistanis with whom I interacted defined ‘the elite’ and their own placement within or outside of it in quite varied ways.

My closest informant, Abid, the owner of a large and extremely economically successful agricultural firm, placed himself within Pakistan’s economic ‘1%’ but firmly outside of the Pakistani ‘elite’. To Abid, ‘the elite’ were the members of families whose wealth had existed over multiple generations, and whose histories of wealth accumulation were interlinked with either the British regime, or the first decade of Pakistan’s inception (the timing of which, as I explore in Chapter Two, also implied an existing level of integration with highly privileged groups in pre-Partition India). Though his own family possessed high levels of intergenerational privilege, his family privilege was intertwined not with the British Raj, but with the esteem granted to local religious leaders, as his grandfather had been a religious scholar and was consequently a highly respected member of his community. Abid’s perceived exclusion from ‘the elite’ was further compounded by his ethnic identity as a Pakhtun, and his sense that ‘the elite’ from which he was excluded was largely Punjabi, highly educated (usually in institutions with Western origins), English-speaking and irreligious. Abid accurately placed himself in the highest economic strata of the country, but had accurately ascertained that his inability to permeate the hallowed social clubs of the ‘Established Elite’ reflected their view that with his regional accent, imperfect English, religiosity and highly visible affluence – he was not ‘the right sort of person’. Like most of the wealthiest men I interacted with in Pakistan, he believed that being rich and being elite were not synonymous. This sentiment was echoed by many of those within the families of the long-standing Established Elite (a group I define in detail in the pages to follow). Walid, a member of one of

Pakistan's most longstanding elite families provided the following definition, 'Elites are the chosen people. They are the ones God has chosen to lead and to provide guidance to the people'. He went on to lament,

The elite has changed now. Now there are these nouveau riche businessmen coming in and they don't have any sense of social responsibility. Elites are there to serve as role models for the people. These nouveau riche do not do that at all.

This assessment of the new rich was not quite accurate. Abid and many of the new rich I came to know had a strong sense of social responsibility towards their local communities, and the large number of dependents who worked in their factories and lived on their family lands. Abid's dependents relied upon his family to address a broad range of problems ranging from funding care for a family illness, to having the roads by their house re-paved. Yet, though Abid demonstrated his social responsibility in myriad ways, what he did not have was a very specific form of distinction<sup>5</sup> that made him socially acceptable to the Established Elite. As Walid's quote implies, beyond business skill, political acumen and intra-elite networking, the power of elites – regardless of when their wealth was acquired – is at least partially located in their ability to acquire and demonstrate distinction<sup>6</sup> and other forms of symbolic capital. The economic logic of wealth accumulation my informants engaged in was often subordinated to other powerful logics: capital was often 'not valued in itself, but rather as a means of gaining status' (De Lomnitz 1987).

Until recently, 'Established Elite' families have primarily drawn their claims for distinction from hereditary sources. These claims depend largely upon family lineages intertwined with colonial power, (see Bhabha 1984, Johnson 2013, Paugam et al 2016 for their work in other contexts). Historically, intra-elite alliance-making has been limited to families possessing multi-generational elite histories. The status of these families rested primarily on their colonial-era legacy and inheritance, and the particular forms of distinction associated with these histories: the acquired dispositions, mannerisms and styles of living used to construct and evaluate the social world, and to perform a certain role within that world. These attributes were for the most part inherited, but they could also be learned, particularly when acquired very early through schooling. And these forms of distinction were used by the elite to police the boundaries of their power and privilege and to limit new entrants into their schools, social clubs, homes and families – the places where the most powerful

members of society engaged, formed networks and ultimately, made critical decisions about the national allocation of economic and political resources.

The interlinking of these forms of distinction with notions of 'being elite' was so pervasive that many of the wealthiest and most successful businessmen I came to know whose wealth was more recently acquired rejected the label 'elite', often citing the supposedly humble origins of their fathers or grandfathers. When pressed, many of these men referred to themselves as 'upper-middle class', feeling that the term 'elite' implied a level of inherited privilege that would underplay or negate their own hard work in establishing the business empires that now placed them in the economic '1%'. These groups tended to associate their position of economic, social and political influence not with inherited privilege, but with a host of positive moral characteristics including integrity, hard work and determination.

Along with hard work, however, the fortunes of these families were often tied to the rise of other powerful institutions in Pakistan. As largely middle class institutions like the military and the bureaucracy expanded and consolidated their power through political rule in the decades following Pakistan's creation, they also provided patronage and opportunities for rapid upward social mobility for a small group of new families. The families who transitioned into the ranks of the economic 1% through their affiliations with the regime of General Zia ul Haq from the 1980s onwards<sup>7</sup> (and earlier by many accounts) became widely known amongst the elite classes as 'new money', or as '*Navay Raje*' in Punjabi meaning literally, 'new lords' and *nau daulatiye* in Urdu (explored in detail in Chapter Three). Many maintained close ties with the military regime, either through personal kinship ties as the close family of senior (now retired) personnel in the Zia regime, or through the maintenance of mutually beneficial business partnerships established with members of the military during the military regimes of General Zia, or later, General Musharraf.

## The Configuration of Power in Pakistan

In most countries, the accumulation of wealth is at least in part closely intertwined with the activities and policies of government. In countries like Pakistan, the central government distributes economic privileges to shore up the political factions by which it is supported.

Whether military or civilian, the desire of each government to keep itself in power has encouraged patterns of production, accumulation and consumption that tie the support of powerful local leaders, business people and their patronage networks to the political regime in power.<sup>8</sup>

Pakistan provides a compelling case of elite power in the contemporary capitalist world as, like many non-Western, rapidly developing nations, it is both (a) run by an oligarchy of political and economic interests, and (b) is beset by high levels of political instability. Competition and conflict are defining activities within the oligarchy of ruling families, leading to a high degree of political instability as individual leaders and their families jostle for power. Despite the dramatic economic transformations that have taken place in the world over the past eighty years, and the massive shifts in political leadership and social structure these changes have engendered over the same period, the Pakistani elite class has routinely fortified and reconstituted the highly circumscribed power and privilege of its members in shared pursuit of profit and market dominance.

Pakistani society is vastly unequal, with great disparities in income, quality of life, government service provision and political representation. Despite consistent levels of economic growth, 65–80 per cent of Pakistanis earn their living through manual labour (Durr-e-Nayab 2011). The middle classes – those with at least one family member with tertiary education, and one family member employed in ‘non-manual’ work in sales, clerical or professional positions – are variously estimated to be from 18–34 per cent of the population. The upper middle classes (around 6 per cent of the population) can be categorised as those holding a college education from the nation’s top schools and universities, or being educated abroad, and members of this group are most likely to be employed as professionals, legislators, senior officials, managers, or in military roles. The uppermost elite – those who comprise the focus of this study – hold similar employment categories but tend to occupy more prominent roles with much greater levels of income. The men in this class are almost certainly educated in foreign-universities. The women of this class, if not foreign educated themselves, will hold a university degree from one of Pakistan’s top universities. This group is roughly estimated to comprise around 1 per cent of the population (Durr-e-Nayab 2011).<sup>9</sup>

The Pakistani elite has been very successful at protecting and increasing the wealth held by a small (and very slowly expanding) number of families. Yet, the rapid economic development that has

reconfigured agricultural economies in other parts of South Asia into centres of finance, global trade and professional service has not emerged in Pakistan – and does not look likely to in the coming decades. Pakistan’s elite-dominated economy demonstrates few signs of transitioning to a globalised high-finance economy, nor of replicating the economic growth patterns of India or China, its most stable and successful neighbours (Indrawati 2015). Neither are most of Pakistan’s economic elite predominantly globally-focused players who flexibly move unhinged forms of capital around the world.<sup>10</sup> Instead, most of my informants derived the largest proportion of their profits from large-scale industrial projects, many in manufacturing. Others had made their fortunes in developing large-scale infrastructure projects. The enormous profits they have generated have emerged from the opportunities inherent in the classic industrialising society where workers’ salaries and political representation are commensurately low. In achieving their high level of profits, many have focused on providing commodities to the domestic market, or on producing high demand export commodities for which they hold a monopoly or equivalent advantage in the world market. The disparities in wealth that have emerged in pursuing these forms of economic growth are astounding.

Power in Pakistan is configured across a small group of individuals and families and the powerful institutions they govern: the military, business sector and the major political parties. These individuals and institutions work in concert, and sometimes in conflict, to manage the dual goals of the elite class in Pakistan: maintaining capital accumulation, and ensuring the security critical to acquiring it.

The elite that forms the focus of this enquiry includes both those with inter-generational histories of family wealth, and those whose wealth is more recently acquired. Both established and more recent wealth holders in Pakistan have vastly disproportionate control and access to valued resources; broad advantages in the nation’s economic, political and social spheres because of this ownership and the opportunities and benefits it provides; and are in a position to both influence and shape the lives of the broader population. The pursuit of wealth by those who possess the greatest amount of it, and the way that the intimate experience of people’s everyday lives influence and are influenced by the broader political economy is at the heart of this book. This ethnography focuses on the micropolitics of the individuals and families positioned at the pinnacle of the economic, political and social structure – and the role of these micropolitics in generating and sustaining social and economic inequality.

The most useful starting point for understanding elite alliances and divisions, and their relationship to the state in Pakistan is the foundational work of Hamza Alavi (1972). Alavi's (1972) model emerged in response to what he saw as the inadequacy of Marxist conceptions of the state and of class relations for explaining the dynamics of power in non-European societies. In particular, he argued that post-colonial nations differed from European states in specific ways, and consequently, that Marxist analyses of 'the state' needed to be reconfigured in these contexts. Whereas Marx had argued that the state functioned as the instrument of a single ruling class, Alavi argued that post-colonial nations had a number of separate and distinct ruling classes that interacted with the state in different ways. Further, he argued that the post-colonial state was interdependent with these ruling classes in both receiving and providing reciprocal benefits.

Specifically, Alavi argued that post-colonial states need to be understood as comprising an 'overdeveloped' bureaucratic-military oligarchy. He argued that this oligarchy had emerged in response to the challenges the metropolitan colonial power faced in subordinating multiple indigenous social classes seeking both to assert their own positions of dominance and to resist the constraints placed upon them by colonial rule. He argued that unless the lower and middle classes were already highly organised and conscious of class relations at the moment of independence, the overdeveloped oligarchic structure of the colonial state would inevitably be inherited by the newly independent state. This resulted, Alavi claimed, in domestic elites dominating the population in much the same way as the colonial administrators they had replaced.

Alavi defined the multiple ruling classes of the post-colonial nation as being comprised of the indigenous bourgeoisie (the owners of industry and business which form the focus of this study), the metropolitan neo-colonial bourgeoisie (often in the form of transnational corporations) and of the landed classes. He argued that 'the bureaucratic-military state oligarchy' mediates between the competing and complementary interests of these three ruling classes and that this tension and competition occurs *via* the state: the three classes compete for state resources but do not *directly* negotiate or engage in conflict with one another. In this way the state mediates between elite groups while at the same time acting on behalf of them all to preserve the social order in which their interests are embedded. In these contexts, given that the state mediates between the competing interests of the three ruling classes, there is no great need for the separate ruling classes to heavily invest in fostering linkages between

one another, because they can rely upon the state to protect their interests for them. They do not require *each other's* support to protect their separate and mutual interests.<sup>11</sup>

Despite being written over forty years ago, the categories Alavi used to define and differentiate members of the elite remain remarkably relevant. The indigenous bourgeoisie he identified corresponds to the business elite who comprise the central focus of this study. The landed elites, traditionally also the political class, also remains powerful, despite the growing primacy of the business elite. There also remains a metropolitan bourgeoisie, but its national identity has shifted entirely. Whereas, at the time of the Alavi's writing, Western nations were the major investors in Pakistan, the major foreign investor is now China – and its influence is highly visible across Pakistan's urban centres, as well as in certain rural sites.

A number of scholars have since argued that Alavi's analysis of the state and the ruling classes in post-colonial societies is now outdated (Akhtar 2008, Zaidi 2014). They argue that middle class groups representing both upper middle class professionals (particularly lawyers), and conservative religious movements, have undermined the power of traditional elites, usurping part of their power.<sup>12</sup> However, claims that the intermediate classes and religio-political movements have joined the elite alliance remain largely unsubstantiated. Religio-political movements undoubtedly rose to the forefront of national politics in the decades following Zulfikar Ali Bhutto's overthrow in 1977 (Nasr 2001, Haqqani 2005), but it is difficult to view these movements as signifying 'qualitative additions to the ruling coalition' (Akhtar 2008, 3). Rather, they appear more clearly as a force of *opposition* to the ruling coalition with possible future potential to challenge their dominance and privilege. Similarly, the evidence to suggest that the largely middle-class dominated institutions of the judiciary, the media and the parliament pose a genuine threat to the dominance of the elite ruling coalition is very limited. Middle class challenges to elite abuses of power, such as the 'lawyer's movement',<sup>13</sup> remain isolated instances of an elite challenge from within the upper-middle class.<sup>14</sup>

## Thriving in Instability?

Over the fourteen months of my fieldwork, many of the businessmen I spoke with recounted their experiences of navigating risk, reducing family vulnerability and sustaining the position of their family at the top of Pakistan's economic hierarchy. They shared the

various histories of upward social mobility that had propelled their own families into the elite economic and social class, and the multiple techniques they used to protect their advantages and position of dominance and to maintain the boundaries between the existing members of their class and new families seeking to gain entrance. In spite of weak governance, poor public service delivery, massive societal volatility and major challenges to safety and security that impede the quality of life of the broader population, these families had continued to flourish, politically as well as economically.

Like the broader global elite class to which they belong, Pakistan's elite holds disproportionately high levels of economic and political capital, and a great aptitude for navigating the restrictions of the domestic and international laws and regulations which seek to impede their ability to accumulate assets and maximise profits. The elites of this study engage in highly lucrative international trade and investment, as well as dominating the domestic market. Though often presented as an indivisible category, 'the elite' is comprised of different power blocs who employ various strategies of competition and collaboration depending on the changing historical and socio-economic circumstances in which they exist. The contestations and negotiations engaged in by elites to maintain their position of dominance not only provides insights into power and how it is acquired and maintained, it also provides surprising insights into both local economic processes and the lived realities of global capitalism.

For instance, many of the elite business families in this study entertain and successfully negotiate with Chinese, European and other investment delegations in their factories and through industry trade associations. Yet, most were part of corporatised structures, with family members holding the senior-most positions in the company's management, along with most, if not all, Company Board seats being reserved for family members. Most of these businesses were hierarchical structures with the family patriarch occupying the key leadership position. Beyond a family-dominated leadership, many employed a professional workforce for all middle and lower management roles, and a locally employed workforce of office and/or factory workers. The involvement of multiple family members in many of these businesses, and strategies employed to spread and mitigate risk has fortified a system in which friendships, alliances, kinship, affection and animosities are instrumental in business intelligence, political decision-making and economic strategy. The will of the market is not the will of the market at all – but the shifting desires of the nation's most powerful.



However, an undeniable particularity of Pakistan that has enhanced the degree to which its elites can accumulate and expend political and economic power is the volatility of Pakistan's political system, the porousness of its legal and regulatory system, and its highly deregulated market, which gives largely free rein to the nation's most powerful families. This instability establishes the Pakistani elite as an exaggerated example of the behaviours, calculations and lifestyles of the global 'super-elite'.

Consequently, this book builds outward from the micro-politics within and among the most powerful families of a rapidly developing, often politically volatile nation, and across the nation's most powerful institutions, the military, business sector and government, to re-theorise the link between instability and economic accumulation. At the heart of this political assemblage is the sustained and complicit management of order and instability through a highly personalised means of conducting business and politics. While powerful international actors often decry Pakistan's political instability, weak regulatory structures and financial crises, this book shows how powerful families both benefit from and propagate instability through a 'culture of exemptions', as I explore in detail in Chapter Six.

## **What Do the Elite in Pakistan Reveal about Inequality and the Global 1%?**

This book is an ethnography of the micro-politics of elite lives: the personal relationships, daily lives and family histories of Pakistan's most prominent and wealthiest business families. The intimate and social lives of Pakistan's business and political elite demonstrate how an elite group can shape and determine the economic and political structures of the nation through the daily interactions undertaken in their homes and private social forums – and how these private interactions affect the opportunities available to the broader population. As Pakistan's elite becomes increasingly adept at managing processes of regional trade and foreign investment, rather than dissolving the social ties and cultural practices engaged in by the nation's most powerful, these practices remain central to determining the allocation of national wealth – along with those who are excluded from partaking in it.

In many ways, Pakistan's elite closely resembles their class peers across the globe, in both developed and developing economies. However, as James Ferguson (2002) noted, the countries of

developing Asia are not ‘western nation-states in embryo’. Pakistan’s elite-dominated economy demonstrates few signs of transitioning to a globalised high-finance economy. What we see in Pakistan neither represents a peripheral form of capitalism, nor a pre-modern form of capitalism. Rather, as argued by Jean and John Comaroff (2015), ‘What if we posit that, in the present moment, it is the global south that affords privileged insight into the workings of the world at large?’ Perhaps most surprisingly, as an economic elite operating in a rapidly developing economic environment, the experience of Pakistan’s wealthiest and most powerful members contradicts the widely held expectation that economic growth is leading to increasingly impersonalised and globally standardised economic and political structures across the developing countries of the non-Western world, and offers a contradictory vision for newly middle income countries in the context of modern capitalism.

In the chapters that follow, this book follows the private lives of businessmen like Murtaza to see what they reveal about the role of elites in contributing to and shaping the inequality that characterises the modern world. The first half of this book explores the development of a national elite. Chapter One examines the challenge of accessing elite lives, and the ways in which class and age differences, and gender dynamics, affect the kind of relationship – and access – I was able to develop with the Pakistani elite. It explores how dynamics of class, gender and power shape the interactions of elites with one another, and with outside observers. Chapter Two tells the interlinked story of the emergence of the Pakistani elite with the creation of Pakistan. These stories introduce one of the book’s central themes, the interlinking of the elite with the politics of the nation, and specifically, with various political regimes, both civilian and military. Focusing on several pivotal moments of crisis in the relations between the ruling classes and the state, this chapter identifies the strategies of competition and collaboration that have enabled the Pakistani elite to gain and secure economic and political advantage over the past eighty years despite extreme political and economic instability. It explores the evolving relationship between Pakistan’s elite factions and the state – both bureaucratic and military. In doing so, it contextualises the elite life histories that emerge in the chapters that follow. Readers without a particular interest in Pakistan should jump directly to Chapter Three.

Chapters Three, Four and Five use stories of marriage, family-making and socialising to examine the construction of power through interlinked elite networks. Chapter Three examines the fractures in

the elite class between old and new class entrants, and the institutions where elite networks are both carefully fostered, and rigorously policed. Chapter Four focuses on marital alliances as a key strategy of inter-familial alliance making, while Chapter Five examines the importance of elite networking and socialising to the preservation of power. Chapter Six examines specific cases of how elite businessmen have used their marital, social and economic networks to engage in, and strengthen, a ‘culture of exemptions’ that allows them to circumnavigate the restrictions of the state and its laws and regulations to reproduce their own position of privilege and advantage. The concluding chapter returns to the role of the global elite within an increasingly interlinked global capitalist structure, and highlights what the story of elites in Pakistan reveals about global capitalism and the international global elite. In doing so, it gathers and sharpens the questions of power, privilege, political turbulence and global wealth that have inspired this book.

## Notes

Parts of this chapter were previously published as: R. Armytage (2019), ‘An Evolving Class Structure? Pakistan’s Elite and the Implications for Pakistan’s Political Economy’. In M. McCartney and S.A. Zaidi (Eds.), *New Perspectives on Pakistan’s Political Economy: State, Class and Social Change*. Cambridge: Cambridge University Press, and have been reprinted with permission.

1. Sanyal’s theory informed and contributed to a small but growing group of scholars who argued that capitalist modernity occurs in varied forms, both in vernacular and more universal iterations (see for instance, Comaroff and Comaroff 2015).
2. See for instance, Craig and Porter’s (2006) account of the Pakistani business elite. Craig and Porter (2006) document how the business elite serve as patrons to the civil servants in their sphere of influence, including departmental bureaucrats, the police and even the courts, so that these groups owe their loyalty to individual businessmen as well as to the State, but use highly pejorative terms in doing so. More recently, Leslie Sklair (2016) described a global capitalist class ‘working consciously to obfuscate the effects of the central crises of global capitalism, namely the simultaneous creation of increasing poverty and increasing wealth within and between countries, and the unsustainability of the global capitalist system.
3. It is important to differentiate between the top wealth earners and wealth owners. This research uses the term ‘the 1%’ to refer to the nation’s top wealth *owners*.
4. For more detail on the career trajectories of retired senior military personnel, and their ongoing involvement in military-linked corporations, state employment and other positions of influence, see Staniland et al 2018.
5. Bourdieu (2013) defined distinction as a particular sense of style and disposition. He argued that distinction, like all cultural practices and preferences, was the product of

- upbringing and education, 'closely linked to educational level, measured by qualification or length of schooling, and secondarily to social origin. . . . tastes function as markers of social class'.
6. Entry into many elite groups is determined by possession of a particular sense of style and disposition that Bourdieu (2013) terms 'distinction' and 'taste'.
  7. Staniland et al (2018) found that the military governed more directly than in previous regimes under General Zia's leadership with retired military personnel occupying a substantially higher percentage of federal ministers and provincial governors after 1988 than before.
  8. An earlier version of some of the ideas in this section was explored in Rosita Armytage, 'Alliance of State and Ruling Classes in Contemporary Pakistan'. *Economic & Political Weekly* 51, no. 31 (2016): 108–14, and are re-examined with the permission of the publisher.
  9. Scholars measure class in different ways using a number of different indicators, and there is significant variation between disciplines, within disciplines, and across country contexts. Durr-e-Nayab's (2011) definition of class in Pakistan expands upon purely economic indicators of class to include level of education obtained, ownership of items representative of a certain standard of living in Pakistan and type of employment. These additional categories, though still limited, can be used to broaden an outline of the economic status and styles of life experienced by Pakistani individuals and families.
  10. Language highlighting the desirability of 'nimble and flexible capital' (see: Deshpande and Nurse 2012, 78), 'nimble responses', and warning of the dangers of economic policy that 'constrains the flexibility and potency of macroeconomic tools' (Prasad 2009, 1, 19) has become widespread within both academic business literature and within the popular media since the early 2000s. A number of anthropologists have begun writing about widespread perceptions of capital as unhinged from particular localities (Ho 2009, Inda and Rosaldo 2008), but have also noted that these conceptions of the transition 'from socially embedded to disembedded and abstracted economic forms' is a fallacy (Maurer 2006, 15, 19).
  11. A similar set of dominant class interests was later articulated by Pranab Barhan (1984), Partha Chatterjee (1986) and Sudipta Kaviraj (1989) in relation to India. Each conceived of a relatively autonomous state that supervised and mediated between dominant classes. These dominated classes competed with one another – one faction of the elite gaining ascendancy over the others at various points – but still sought to align their interests as part of a dominant coalition. Adapting Gramsci's concept of the 'passive revolution' for the post-colonial Indian context, Chatterjee and Kaviraj separated the idea of the 'state' from the elite factions of which it was comprised, assigning the state not only autonomy, but independent agency, under 'the supervision of elected political leadership, a permanent bureaucracy and an independent judiciary' (Chatterjee 2008).
  12. Conceptions of a state–elite alliance by Alavi and others have, however, been critiqued by several scholars for failing to account for the agency of the working and middle classes in the power structure of the post-colonial state, and for failing to anticipate the growing centrality and influence of institutions such as the military and the media. Aasim Sajjad Akhtar (2008) developed a revised Alavian analysis of class structure in Pakistan that offers a clear-sighted analysis of power structures and the institutions and individuals who dominate them. Akhtar (2008, 3) demonstrated that Alavi's three propertied classes remain both powerful and central to Pakistan's ruling coalition. He also argued, however, that there have been qualitative additions to the ruling coalition, namely the intermediate classes and religio-political movements/clerics.
  13. The 2007 'lawyer's movement' was a protest held by Pakistan's lawyers against the unconstitutional dismissal of the Chief Justice by military dictator Pervez Musharraf.

14. Scholars diverge on the significance of upper-middle class movements in Pakistan. However, Jaffrelot (2015, 371) sums up the situation aptly when he states that ‘Since 2007, lawyers have assumed the role of the quintessential opposition force, coming out against both civilians and the military in the name of the rule of law. But the extent to which this new actor can alter Pakistan’s political and social situation remains to be seen’.