

Economic Elite, Good Governance and Democracy in Pakistan

Ikram Khan¹, Dr. Sarfaraz Khan², Noreena Malik³, Usman Khan⁴

¹ Lecturer, Tipu Shaheed College Kabal Swat, Pakistan, Email: sweetsundas82@gmail.com

² Assistant Professor of Pakistan Studies, Center for Caucasian, Asian, Chinese and Pakistan Studies, University of Swat, KP, Pakistan, Corresponding Author's Email: sarafrazkhan@uswat.edu.pk

³ Lecturer in Higher Education Department, KP, Pakistan, Email: ainmalik909@gmail.com

⁴ Lecturer in Department of Political Science, University of Malakand, KP, Pakistan, Email: usman.khan.uom@gmail.com

DOI: <https://doi.org/10.70670/sra.v4i1.2379>

Abstract

The economic elite especially urban elite are the main hurdle in the way of a sovereign parliament and accountable cabinet in Pakistan. The economic elite influence parliamentary democracy by various ways. They are connected to the establishment through the rhetoric of good governance and personal strengthening authoritarianism at the cost of parliamentary sovereignty. Moreover, most of the parliamentarians are businessmen and have great shares in the annual budget. Again, the economic elite influence and challenge sovereignty of the parliament through different unions that works as pressure groups. This article attempts to highlight the influence of economic elite on parliamentary democracy in Pakistan. Secondary as well as primary data have been interpreted in context of AV dicey model of supremacy of the parliament.

Keywords: Elite, Democracy, Good Governance, Authoritarianism, Pressure Groups

Introduction

In Pakistan, there is a section of elite, i.e. financiers, contractors, merchants, and traders aspiring to become wealthier. Such economic elite may not be formally involved and represented in the power equation but they have significant links with the establishment in Pakistan. Professor Gul Marjan remarked that the section of economic elite connects to the power structure through their aspiration of upward mobility and rhetoric of good governance and accountability. In order to pursue their interests, they adopt various strategies that inherently weaken parliamentary governance in Pakistan (Marjan, 2020).

Emergence of economic elite

Sartaj Khan an academic and researcher had to say in telephonic conversation that economic elites moved from the local level upward into the ranks of an emergent bourgeoisie capturing various Chambers of Commerce at provincial and national level. He added that such elites occupy positions in Agriculture Chamber of Commerce, Japan-Pakistan Chamber of Commerce, and Pak-China Chamber of Commerce (Khan, 2020). Further, Sareer Wali professor and author based in Islamabad told me that rapid graduation of the urban elites to mainstream politics is a new phenomenon in Pakistan. He added that emigration to the Gulf, Europe and the US, and the remittances empowered Pakistani local level businessmen upward into the ranks of economic elites (Wali, 2020). Further, suspension of the formal political process at the national and provincial levels by the Zia regime for eight years enhanced them in terms of economics and politics. It was in this intervening period that economic elites gained a foothold in the political mainstream and emerged as an autonomous force.

In the post-Zia regime, the urban economic elite proved a stumbling block to democratically elected government in Pakistan (Akhtar, 2018). This powerful section of economic elites influences parliamentary democracy by two ways. One, they are closely connected to the establishment; Second, they compel elected governments through lobbying, agitations, strike and boy-cot in order to get their factional interest achieve. According to Ahmad Yousaf, military often co-opt economic elite through rhetoric of good governance and also through personal links. In other words, the economic elite are connected to the power structure either directly through personal links or indirectly through rhetoric of good governance. The respondent added that the economic elite always aspire to become wealthier and remain connected within the power equation that brings them close to the establishment (Yousaf, 2020).

Rhetoric of good governance and parliamentary democracy

One of the respondents, Jan Muhammad¹, hailing from business community stated that during election campaign politicians and leaders make lofty promises. The respondent had given the example of 2018 elections where Pakistan Tehreek-e-Insaf leader Imran Khan, current Prime Minister of Pakistan, promised a new Pakistan that would be free of corruption. Imran Khan alleged the previous elected regime of NawazSahrif (2013-2018) as the most corrupt. Similarly, the responded added, Imran Khan promised that foreign investors would come and invest in Pakistan, electricity shortage would be addressed, economic packages would be given to the business community, ransom for money would be curbed, interference of army in other institutions would be minimized, and taxes would be reduced. However, none of the promises has been fulfilled by the incumbent government of Pakistan Tehreek e Isnaf (Muhammad, 2020). In this regard, Fukuyama argues that economic elite always try to pursue two goals, i.e. rule of law and accountability. Ensuring rule of law and bringing accountability within a society indirectly safeguards property and interests of the economic elite (Fukuyama, 2014). Most of the interviewees commented that economic elite feel threats to their interests from politicians and elected governments. The economic elite always seek economic interests and consider politicians as threats to their interests bring them close to the establishment (Marjan, 2020, Muhammad, 2020, Yousaf, 2020). A merchant by profession, Sayyed Alam², told us personal communication that frequent interruptions in democratic process and failure of elected governments to deliver has alienated business community in Pakistan. Therefore, they are attracted to the slogans of good governance and technocratic set-up (Alam, 2020). Likewise, they seek safeguard to their economic and business activities and properties. One of my respondents, Muhammad Hussain remarked that the economic elite only think of their interests rather than system of governance. He remarked that they do not see whether democracy exists or dictatorship but they think only of their interests (Hussain, 2020).

Personal links with the establishment

Most of the transporters, merchants and traders develop personal linkages with the establishment for ascertaining their interests. Sayyed Alam explained that the elected assemblies are dominated by industrial lords who have direct and indirect connection with the establishment. They have easily accessed these assemblies and nothing can harm them as most of them are getting support from the military. Similarly, there are some financiers, traders and contractors, though outside the elected assemblies, yet they are connected with the establishment (Alam, 2020). Similarly, economic elite get access to the establishment through local politicians. Jan Muhammad was of the opinion that local politicians work as mean to connect business or urban elite with the establishment. He told that a contractor having links with a member of provincial assembly (MPA) got connected with a colonel

¹ Jan Muhammad is a merchant by profession based in Peshawar. He has keen observation and understanding about politics in Pakistan.

² Sayyed Alam is a contractor and transporter based in Peshawar. Alam also runs his own construction company. In this context, he has frequent interaction with the military and civilian bureaucracy regarding government projects and contracts.

of a project (Muhammad, 2020). The passage uncovers that economic elite strengthen authoritarianism at the expense of parliamentary democracy through direct and indirect connections with the power structure. Along with this, the urban economic elites weaken elected government through building pressure through agitations.

Urban elite and elected government

The urban elite directly influence parliamentary democracy in Pakistan in various ways. First, representation of economic elite in the elected assemblies weakens sovereignty of the parliament as their aims are the prolongation of economic interests. The section of economic elite reaches the elected assemblies, provincial assemblies and parliament, or directly appointed in the cabinet. Naveed Omar, a researcher, commented that the current government of Pakistan Tehreek-e-Insaf is the best example where several economic have been being elected into the provincial and national assemblies. There are also non-elected advisors representing big corporations in the current cabinet. Their presence in these elected bodies shows their strength who gives a tough time to the government which is evident from the recent scams of sugar, wheat and petroleum (Omar, 2020). Aasim Sajjad Akhtar stated in an interview³ that close aides of the Prime Minister Imran Khan such as Jehangir Tareen, parliamentarians from Muslim League (Q), and Pakistan Muslim League (N) were involved behind the sugar and wheat crisis. The elected government remained weak to take stern action against them. There are several economic elites setting in the assemblies who just seek and promote their economic interests (Akhtar, 2020).

Furthermore, appointed advisors take great shares in budget. An income tax collector based in Peshawar, Muhammad Alam, told me in a conversation that parliamentarians run big business companies like fertilizers, cement, livestock, poultry farms, dairy farms, and chemicals. All these financiers carry share in budget. Moreover, the budgeters or finance ministry also have share in these commodities that sometime do not create problems in budget and passed it through a safe passage because their interests are attached with it (Alam, 2020). Likewise, clash of interests among the economic elites further weakens the elected bodies that eventually strengthen the non-elected institutions. There are different layers, within and outside the government, of economic elite who use government for their own economic interests. According to Naveed Omar, economic elite represent various chambers of commerce like agriculture chamber of commerce, Pakistan-China chamber of commerce, Pakistan-Japan chamber of commerce etc. The economic elite are basically divided into two groups, i.e. international trade and commerce group and national trade and commerce group. The former, corporate sector is directly connected with International Monetary Fund (IMF) and World Bank (WB). The latter dominates national capitals like Razaq Dawood, a representative of textile, Jehangir Tareen dominates sugar mills, and Nawaz Sharif holds sway on construction companies. These businessmen try to persuade the cabinet during budget sessions in order to get maximum share in the subsidy on the commodities (Omar, 2020).

Moreover, there is a continuous struggle among the economic elite to persuade government especially during budget session. For instance, Jan Muhammad commented that different chambers struggle to influence the government in case the government is imposing taxes on them. Reflection of their power can be seen in budget and subsidy. The group such as power and textile sector is powerful that takes great portion of subsidy in the budget and try to exempt or minimize tax. This struggle often leads to conflict among the economic elite (Muhammad, 2020). Similarly, power and influence of the economic elite can best be observed from the privatization of Pakistan Steel Mill (PSM) during Musharraf's regime. There were newly emerged economic elites, Hussain explained, who were ready to buy Pakistan Steel Mill in 2005, while the old industrialists could not do it. This shows that there are powerful economic elite who could buy state entities when the government

³ Aasim Sajjad Akhtar was interviewed by the Institute of South Asian Studies Singapore on July 14, 2020. The topic was: challenges and the way forward for Pakistan's Prime Minister Imran Khan. The interview can be accessed on www.isas.nus

intends to privatize it and take huge profits in single day (Hussain, 2020). Moreover, according to Tahir Samad, the corporate sector volume is greater than agriculture that contributes only 23 % of GDP to the national income. Power and energy sector like Oil, Gas, and Independent Power Producers (IPPS) take a major share of subsidy in the budget. This is followed by textile companies, construction and real estate. Similarly, the agriculture sector like sugar and wheat take shares in subsidy (Samad, 2020). Again, big industrialists always try to avoid paying taxes. Muhammad Alam remarked that the professional class and industrialists always remain at logger head with each other as the former thinks that they work hard and get less while the latter do little and get great income. The story tells us that a consistent conflict goes on between the industrial, professional and landed elite and the state un-elected institutions (Alam, 2020).

Likewise, the economic elite influence elected government through its unions which work as pressure groups. Mian Siraj, a contractor based in Nowshera, remarked that unions are connected with one another across the country. The union works as a fraternity and put pressure on the government through agitations and strikes. For instance, he added, when there is shortage of electricity and frequent load-shedding, or the government intends to impose income tax, or electricity prices goes high, all these issues connect unions of the economic elite especially corporations across the province and then the country at large (Siraj, 2020). The same interviewee had to say that his construction company was once stopped through a notification by the chief secretary of Khyber Pakhtunkhwa. He contacted all the contractors and then members of the provincial assemblies (MPA). Through the elected members, the owners of the companies reached provincial assembly and showed their concerns that were acknowledged by the speaker of the assembly and on the following day their business centre were re-opened.

Conclusion

The debate reveals that the economic elite especially urban elite are the main hurdle in the way of a sovereign parliament and uniformed/accountable cabinet in Pakistan. The economic elite influence parliamentary democracy by various ways. One, the elite are connected to the establishment through the rhetoric of good governance and personal links. Of course, this strengthens authoritarianism at the cost of parliamentary sovereignty. Moreover, most of the parliamentarians are businessmen and have great shares in the annual budget. Second, the economic elite influence and challenge sovereignty of the parliament through different unions that works as pressure groups. Hence, it is clear that the elite parliamentarians endeavour to pursue, secure and expand their economic interests rather than serving public interests. Public could be served only when the parliament is sovereign and the elected cabinet do not feel any pressure from the economic elite within and outside the government.

References

Primary sources

- Ahmad, Mushtaq. 2020. Telephonic Interview/Discussion. Mardan.
Ahmad, Siraj. 2020. Telephonic Interview/Discussion. Lower Dir.
Alam, Sayyed. 2020. Telephonic Interview/Discussion. Malakand
Alam, Muhammad. 2020. Telephonic Interview/Discussion. Peshawar.
Bakhtiar. 2020. Telephonic Interview/Discussion. Mardan.
Jan, Adil. 2020. Telephonic Interview/Discussion. Peshawar.
Jan, U Sami. 2020. Telephonic Interview/Discussion. Peshawar.
Malik, Saeed. 2020. Telephonic Interview/Discussion. Malakand.
Marjan, Gul. 2020. Telephonic Interview/Discussion. Karachi.
Muhammad, Jan. 2020. Telephonic Interview/Discussion. Peshawar.
Omar, Naveed. 2020. Telephonic Interview/Discussion. Karachi.
Sadiq, Ghulam. 2020. Telephonic Interview/Discussion. Peshawar.

Saeed, Taqweem. 2020. Telephonic Interview/Discussion. Islamabad.
 Salar, Muhammad. 2020. Telephonic Interview/Discussion. Dir Lower.
 Wahid, Saqlain. 2020. Telephonic Interview/Discussion. Malakand.
 Wali, Sareer. 2020. Telephonic interview/Discussion. Islamabad.
 Yousaf, Ahamed. 2020. Telephonic Interview/Discussion. Lahore.

Secondary Sources

Acemoglu, D., Reed, T., & Robinson, J. A. (2014). Chiefs: Economic development and elite control of civil society in Sierra Leone. *Journal of Political Economy*, 122(2), 319-368.
 Acemoglu, D., & Robinson, J. A. (2005). *Economic origins of dictatorship and democracy*: Cambridge University Press.
 Acemoglu, D., & Robinson, J. A. (2008). Persistence of power, elites, and institutions. *American Economic Review*, 98(1), 267-293.
 Adeney, K. (2017). How to understand Pakistan's hybrid regime: the importance of a multidimensional continuum. *Democratization*, 24(1), 119-137.
 Ahmed, I. (1987). *The concept of an Islamic state: An analysis of the ideological controversy in Pakistan*: Pinter.
 Ahmed, I. (1991). *The Concept of an Islamic State in Pakistan: An Analysis of Ideological Controvercies*. Lahore: Vanguard.
 Ahmed, S. (2001). The Fragile Base of Democracy in Pakistan. In *The Post-Colonial States of South Asia* (pp. 41-68): Springer.
 Akhtar, A. S. (2018). *The Politics of Common Sense: State, Society and Culture in Pakistan*: Cambridge University Press.