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Dr. Muhmmad Muqeem Islam Muqeem PhD

muqeemz@gmail.com

National school of public policy https://orcid.org/0009-0004-2005-4951

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RESEARCH ARTICLE PREPRINT

What Is an Economic Class?

Ontological Foundations of Class in Plural Societies

Dr Muhammad Muqeem ul Islam Muqeem[1*]

[1]**PhD in Public Policy and Governance (NDU); MPhil in Economics, Certification in Economics for Public Policy, Blavatnik School of Government, University of Oxford; Certification in Economic Policy Design through Structural Adjustment Programs, IMF Institute, Washington, DC.** Former Assistant Professor of Economics, School of Economics, IIU Islamabad; Former Research Economist / Assistant Director, Monetary & Fiscal Research Department, State Bank of Pakistan (Central Bank); Former Director General, National Vocational and Technical Training Commission (NAVTTC); Former Director General, KIM; Head, Senior Management Wing, National Institute of Public Administration (NIPA), National School of Public Policy, Peshawar, Pakistan.

*** Corresponding author:** Dr Muhammad Muqeem ul Islam Muqeem | Email: muqeemz@gmail.com | Tel: +92 343 5090648

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Abstract

Background. Economic class is among the most frequently invoked and least consistently defined concepts in economics, sociology and public policy. Researchers variously treat class as a property relation, a labour-market situation, an income band, a bundle of capitals or a collective identity, and these choices change who is counted as poor, middle class or elite.

Objective. This paper asks what an economic class *is*: under what conditions a set of individuals or households can justifiably be said to share a class position, and how that position differs from adjacent constructs in societies divided by ethnicity, religion, caste, gender, language and region.

Approach. The paper combines critical-realist social ontology with a structured comparison of Marxian, Weberian, institutional, stratification, Bourdieusian, feminist, intersectional and capability approaches. It then develops a formal framework, a classification rule and a measurement design, illustrated with Pakistan and with India, South Africa and Malaysia as contrasting cases.

Argument. Economic class is defined as a durable position within relations of asset control, livelihood dependence and employment authority, constituted by institutions and consequential for life chances. Bargaining power and institutional access are treated as causal mechanisms; income level and economic security are treated as consequences and indicators. Class position does not require consciousness, but class formation does.

Contribution. The paper offers (a) explicit existence conditions for claiming that a class exists, (b) a six-component position vector separating constitutive, mechanistic and indicator dimensions, (c) a provisional eight-category relational typology with a transparent priority rule, (d) an evaluation of an existing eight-band income classification for Pakistan, and (e) ten propositions separating definitions, mechanisms and testable hypotheses.

Limitations. The typology is provisional; illustrative figures use clearly labelled synthetic data, and no causal estimates are reported.

Keywords: *social ontology; economic class; critical realism; class boundaries; plural societies;*

intersectionality; informality; Pakistan

1. Introduction

1.1 Why conceptual ambiguity about class matters

Few concepts in the social sciences carry as much analytical and political weight, and as little definitional agreement, as economic class. Governments announce programmes for the "middle class", central banks study the distributional effects of inflation by "income class", political parties claim to speak for "working people", and international organisations measure the "emerging middle class" of developing economies by daily expenditure thresholds. In each case the word *class* does real work: it identifies who is affected, who is entitled and who is represented. Yet the criteria behind these usages rarely coincide. A household may be middle class by income, working class by occupation, wealthy by property, precarious by contract and politically marginal by identity, all at the same time.

This ambiguity is not merely terminological. It has at least four practical consequences. First, in **economic research**, the choice between income-band, occupational and property-based definitions changes estimated class sizes, the measured persistence of advantage and the apparent effect of policy shocks. Second, in **public policy**, eligibility for transfers, subsidies and tax relief is often set by income thresholds that cannot distinguish a temporarily low-income landowner from a structurally insecure day labourer. Third, for **social mobility**, movements across income deciles can be mistaken for changes in class position when they reflect only life-cycle variation or transitory shocks. Fourth, for **democratic representation**, a political system may be formally inclusive of identity groups while remaining highly unequal in the access of different economic positions to legislators, courts and administrators (Gilens & Page, 2014; Winters, 2011).

Plural societies sharpen each of these problems. Where ethnicity, religion, caste, language or region are politically salient, economic inequality is often narrated in group terms, and group-based narratives can either illuminate or obscure underlying economic relations. A landless agricultural worker and a large landholder may share an ethnic or religious identity and be mobilised by the same party, while sharing almost nothing in their relationship to land, credit and labour. Conversely, an identity category may be so tightly coupled to property rights or occupational access that class and group membership become empirically hard to separate (Tilly, 1998; Stewart, 2008).

1.2 The gap in existing scholarship

The literature on class is vast, and the paper does not claim to be the first to examine its foundations. Wright (1985, 1997, 2015) has developed a sustained Marxian analysis of class structure and later sought to integrate it with Weberian and stratification approaches. Goldthorpe and colleagues have built an employment-relations schema that underpins official classifications in Europe (Erikson & Goldthorpe, 1992; Rose & Pevalin, 2003). Bourdieu (1979/1984, 1987) reframed class as positions in a multidimensional social space, and Savage et al. (2013) operationalised a capitals-based model. Feminist and intersectional scholars have challenged the household unit and the separation of class from gender and race (Acker, 1973, 2006; Crenshaw, 1989; Anthias, 2013). Social ontologists have analysed how social kinds exist (Searle, 1995; Elder-Vass, 2010; Haslanger, 2012; Ásta, 2018).

The gap addressed here lies at the intersection of these literatures. Three limitations recur. First, class schemas are usually justified by their empirical performance or theoretical lineage, but they seldom state **existence conditions**: the criteria that would justify the claim that a class exists, as opposed to the claim that a researcher has created a useful category. Second, multidimensional approaches often fold every correlate of advantage into the definition of class, so that income, education, tastes, networks and political influence are treated simultaneously as constituents, causes and consequences. This makes the concept difficult to test, because the outcomes it should explain are built into its definition. Third, schemas developed in high-income economies with large formal employment sectors fit poorly in societies where most non-agricultural employment is informal, livelihoods are mixed within households, land tenure is shaped by colonial and post-colonial institutions, and identity categories mediate access to assets and the state. In Pakistan, for example, the Labour Force Survey 2024–25 classifies about 72% of non-agricultural employment as informal (Pakistan Bureau of Statistics [PBS], 2025a; INP-WealthPK, 2025), which places the majority of workers outside the employment-contract distinctions on which many established schemas rest.

1.3 Research questions

The paper addresses eight questions:

- What makes individuals members of the same economic class?
- Can a class exist without shared identity, organisation or class consciousness?
- Are classes defined primarily by ownership, employment relations, income, wealth, economic security, authority or access to opportunities?

- When do differences between individuals constitute class boundaries rather than differences within a class?
- How do institutions create, reproduce, weaken or transform economic classes?
- How do class relations interact with ethnicity, religion, caste, gender, language, region, citizenship and age?
- What distinguishes economic class from socioeconomic status, occupation, income decile, elite membership and political influence?
- What analytical value does class provide beyond conventional inequality measures?

1.4 Central argument

The paper argues that an economic class is best understood as **a durable, institutionally constituted position within relations of asset control, livelihood dependence and employment authority, shared by many units and consequential for their life chances**. On this account, classes are neither pure statistical classifications nor collective identities. They are real relational positions that exist whether or not their occupants recognise them, but their reality is conditional: a category qualifies as a class only if it is defined relationally, recurs across a substantial population, persists over time and makes a difference to outcomes net of individual attributes. Identity, consciousness and collective action are not constitutive of class position; they are features of *class formation*, which may or may not occur.

1.5 Objectives, contribution and scope

The paper has five objectives: (1) to clarify the ontological status of class using accessible concepts from social ontology; (2) to compare major traditions systematically on their ontological assumptions, units, mechanisms and measurement implications; (3) to propose and defend a definition that separates constitutive dimensions from mechanisms and indicators; (4) to show how the definition operates in plural societies, using Pakistan as the principal illustration; and (5) to translate the definition into a formal framework, a classification rule and a measurement design with explicit sensitivity analysis.

The intended contribution is conceptual and methodological. It consists of explicit existence conditions for class claims; a position vector that keeps constitution, mechanism and outcome analytically distinct; a provisional relational typology with a transparent priority rule for mixed livelihoods; an evaluation of an existing eight-

band income classification proposed for urban Punjab (Muqeem, 2026); and a set of propositions that expose the framework to empirical challenge.

The scope is deliberately bounded. The paper does not estimate the size of classes in any country, does not test causal hypotheses and does not offer a general theory of politics. Comparative cases are illustrations chosen for institutional variation, not samples supporting generalisation. Synthetic data are used only to show how the framework would read evidence, and are labelled as such wherever they appear. All references to classical works are paraphrased rather than quoted, so page citations are given only where a particular passage is the point at issue.

1.6 Structure of the paper

Section 2 sets out the ontological foundations and derives existence conditions for classes. Section 3 compares competing traditions. Section 4 develops the multidimensional definition and applies it to difficult cases. Section 5 examines class in plural societies. Section 6 presents the formal framework and propositions. Section 7 translates the framework into a measurement and research design. Section 8 discusses policy implications. Sections 9 and 10 set out limitations and conclusions. Appendices provide operational definitions, classification rules, data documentation and reproducible code.

2. Philosophical and Ontological Foundations

2.1 Key terms

Because the argument turns on philosophical distinctions, it is useful to fix several terms in plain language.

- **Ontology** is the study of what exists and of the kinds of things that exist. An ontological question about class asks not how class should be measured but what sort of thing a class is.
- **Social ontology** studies entities whose existence depends in some way on human practices, beliefs or institutions: money, property, firms, states, marriages and, on most views, classes (Searle, 1995; Epstein, 2015).
- **Classification** is the act of sorting units into categories by stated criteria. Classifications can be useful, arbitrary, or track real divisions; the act of classifying does not settle which.
- **Social structure** refers to relatively enduring patterns of relations among social positions, such as employer and employee or landlord and tenant, which persist even when the individuals occupying them change.

- **Agency** is the capacity of individuals and groups to act intentionally, make choices and alter their circumstances, within constraints.
- **Emergence** describes properties of a whole that arise from the organisation of its parts and are not possessed by the parts taken separately. A rental relationship, for instance, has properties (a claim on income, a power to evict) that neither party possesses in isolation (Elder-Vass, 2010).
- **Relational properties** are properties an entity has only by virtue of its relation to something else. Being a tenant is relational: one is a tenant only in relation to a landlord and a body of tenancy law. Height, by contrast, is a non-relational (intrinsic) property.

2.2 Four ontological positions on class

Realism. Realists hold that classes exist independently of the concepts researchers use to describe them. Classical Marxian theory is realist in this sense: positions in relations of production exist whether or not anyone names them (Marx, 1867/1976). A strong realist position faces two difficulties: it can imply sharper boundaries than social life displays, and it can make class existence appear independent of institutions that are themselves human creations.

Nominalism. Nominalists treat classes as names for groupings defined by researchers or officials. Income quintiles and expenditure-based "middle classes" are nominal categories: they are well-defined, reproducible and useful, but nothing in the world corresponds to the boundary between the second and third quintile. Pakulski and Waters (1996) pushed a related argument further, claiming that class had lost its structuring force in advanced societies. Nominalism is honest about classification, but if applied to all class concepts it cannot explain why some categories predict outcomes far better than arbitrary partitions would.

Relationalism. Relational approaches hold that what defines a class is a social relation rather than an attribute of individuals (Emirbayer, 1997; Wright, 2015). The class position of a wage worker is constituted by dependence on selling labour power to someone who controls the means of production; it is not constituted by the worker's income or education, although these may be correlated with it. Relationalism explains why income alone is insufficient but does not by itself say when relations are durable or consequential enough to count as class.

Critical realism. Critical realism distinguishes three domains: the *real* (structures and their causal powers), the *actual* (events that occur when powers are exercised) and the *empirical* (events that are observed) (Bhaskar, 1979; Archer, 1995). Social

structures are real in that they have causal powers, but they are activity-dependent and historically transformable. Applied to class, this suggests that positions in relations of asset control and authority are real structures with powers (to command labour, to extract rents, to withstand shocks); that these powers produce actual outcomes only under certain conditions; and that observed income distributions are an imperfect, partial trace of the underlying structure. This paper adopts a critical-realist position, qualified by the conferralist insight that many social properties exist because institutions and communities confer them (Searle, 2010; Ásta, 2018).

2.3 Researcher-made categories versus consequential positions

A central distinction for this paper is between a **category created by researchers** and a **social position that produces observable consequences**. Hacking (1999) and Haslanger (2012) show that social categories can be both constructed and real: constructed because they depend on practices and institutions, real because they shape how people are treated and what they can do. The test for whether a category tracks a consequential position is not whether it is "natural" but whether membership changes the causal situation of its members. Being classified in the fourth income decile does not, by itself, change what a person can do. Being a sharecropper, by contrast, entails a specific claim by a landholder on a share of output, a specific exposure to eviction and price risk, and specific dependencies for credit. The sharecropping relation produces consequences whether or not any statistician records it.

Bourdieu (1987) captured a related point in distinguishing "classes on paper", constructed by the analyst as sets of agents with similar positions, from mobilised classes that act as groups. This paper accepts the distinction but adds a third term between them. Between a paper category and a mobilised group lies a **class position**: a set of structurally similar locations within relations that has effects on its occupants regardless of whether they mobilise.

2.4 What bears the class property?

Class can be predicated of at least five kinds of entity: individuals, households, relationships, institutions and social systems. These are not rival answers; they are different levels at which class-related properties exist.

- **Relationships** are the primary bearers. Employment, tenancy, credit and ownership relations are what make positions classed.
- **Individuals** occupy positions within those relations, often several at once (a salaried teacher who also lets a shop).

- **Households** pool income and assets, so many life chances depend on the household's combined position rather than on any member's. However, pooling is incomplete and unequal, which is the core feminist objection to treating the household as the sole unit (Acker, 1973; Haddad & Kanbur, 1990).
- **Institutions** such as property law, labour regulation and social insurance define the rights and liabilities that make up positions (North, 1990).
- **Social systems** have class *structures*: distributions of positions and the relations among them.

The paper therefore treats class position as a relational property *instantiated* at the individual level, *pooled* (imperfectly) at the household level, *constituted* by institutions and *aggregated* into a structure at the system level. Measurement should keep these levels distinct, a requirement developed in Section 7.

2.5 Position, identity, consciousness and collective action

Four phenomena are often conflated:

- **Class position**: a location within relations of asset control, livelihood dependence and authority.
- **Class identity**: an individual's self-placement or sense of belonging to a class.
- **Class consciousness**: an understanding of shared interests with others in similar positions, and of conflicts with those in other positions.
- **Collective action**: organised activity (unions, associations, parties, protests) in pursuit of such interests.

Marx's well-known contrast between a class that exists by virtue of shared conditions and one that acts for itself originates in *The Poverty of Philosophy* (Marx, 1847/1963b), and his discussion of the French smallholding peasantry in *The Eighteenth Brumaire* (Marx, 1852/1963a) illustrates how people can share an economic situation without forming a collective actor. Thompson (1963) inverted the emphasis, treating class as something that happens in experience and struggle. The position taken here is that both are right about different things. Position can exist without identity or consciousness, so a class *position* can exist without organisation. A class as a collective *actor* cannot. The answer to research question two is therefore yes, provided one specifies that it is class position, not class formation, that exists.

2.6 Boundaries: sharp, graded or probabilistic?

Must classes have sharp boundaries? Many natural and social kinds do not. Boyd's (1991) account of homeostatic property clusters describes kinds whose members

share a cluster of properties maintained by underlying mechanisms, without any single necessary and sufficient condition. Fuzzy-set methods formalise graded membership (Ragin, 2000). Class positions fit this pattern. The boundary between a small employer and an own-account worker who occasionally hires a helper is not sharp; neither is the boundary between a secure and a precarious employee in a labour market where contracts are informal.

The paper accepts graded and probabilistic boundaries, with one constraint. A boundary is a *class* boundary rather than a difference *within* a class when crossing it changes the relational situation, that is, the source of livelihood, the direction of dependence or the powers available, rather than merely the quantity of a good. A rise in wage from one level to another within the same employment relation is a within-class difference. A move from employee to employer, from tenant to owner, or from formal to informal contract is a potential class boundary, because it changes what the unit can do and what others can do to it.

2.7 Structure and agency

Structural constraint and individual agency coexist. Archer's (1995) morphogenetic approach treats structures as pre-existing conditions that shape action, action as the medium through which structures are reproduced or transformed, and the outcome as a new structural configuration. Giddens (1984) emphasised the duality of structure and agency in a similar spirit. For class analysis, the implication is that mobility is real and meaningful, because individuals do acquire skills, accumulate assets and change employers, but that the probability of such moves is structured by origin positions. Mobility is evidence *for* class structure when it is patterned by origin and *against* it when origin has little predictive power.

2.8 Existence conditions for economic classes

Drawing these threads together, the paper proposes that it is justified to claim that an economic class exists in a society at a given time when four conditions hold.

- **E1 Relational definition.** The category is defined by a position within relations of asset control, livelihood dependence or employment authority, not solely by a quantity such as income or consumption.
- **E2 Recurrence.** The position is occupied by a non-trivial share of units, so that it is a feature of the social structure rather than an idiosyncratic circumstance.
- **E3 Durability.** Occupancy persists over a relevant horizon, within lives or across generations, to a greater degree than would be expected if units were reallocated at random.

- **E4 Consequentiality.** Occupancy makes a systematic difference to life chances (security, mobility, health, education, political access) after accounting for income level and individual attributes.

E1 is conceptual; E2–E4 are empirical. The conditions are jointly necessary for class *position*. A fifth condition is neither necessary nor sufficient for class position but defines class *formation*:

- **E5 Formation (optional).** Occupants share identity, consciousness or organisation to a degree that enables collective action.

These conditions imply that whether a given schema identifies classes is partly an empirical question. A relational category that fails E3 or E4 in a particular society is a classification, not a class, in that society.

3. Critical Engagement with Competing Traditions

This section compares eight traditions on six criteria: ontological assumptions, definition of class, mechanisms of differentiation and reproduction, unit of analysis, strengths and limitations in plural societies, and implications for measurement. Each subsection first summarises the tradition's own argument and then, under a separate heading, gives the present paper's interpretation. Table 1 summarises the comparison.

3.1 Marxian approaches

Original argument. For Marx, classes are defined by their relation to the means of production. Under capitalism the decisive relation is between those who own productive property and those who, lacking it, must sell their capacity to work; surplus value produced by workers is appropriated by owners (Marx, 1867/1976). Class is therefore a relation of exploitation, not a ranking by income. Later analytical Marxists reconstructed this idea. Roemer (1982) showed that exploitation and class could be derived from unequal distributions of productive assets even without a labour market. Wright (1985) proposed that the "middle classes" occupy contradictory locations, exploiting through control of organisational or skill assets while being exploited as employees, and later (1997) tested these ideas with cross-national survey data. In his final synthesis, Wright (2015) defined exploitation by three conditions: the welfare of the advantaged depends causally on the deprivation of the disadvantaged; this dependence operates through exclusion from productive resources; and the advantaged appropriate the labour effort of the disadvantaged. Chibber (2022) has argued that class structure constrains action through the

economic compulsions it imposes, whatever cultural meanings agents attach to their situation.

Interpretation. The Marxian tradition provides the strongest account of *why* class is relational and why it has causal powers. Its limitation for plural, highly informal economies is that the owner–worker dichotomy leaves large populations ambiguously placed: own-account producers, sharecroppers, unpaid family workers and remittance-dependent households. Marx himself recognised this with respect to peasants. The tradition also tends to treat non-class divisions as derivative, which underestimates the independent role of caste, ethnicity and gender in allocating assets.

3.2 Weberian approaches

Original argument. Weber located class in the market. A class situation is the typical probability of obtaining goods, living conditions and life experiences, as determined by the amount and kind of power one has to dispose of goods or skills for income in a given economic order (Weber, 1922/1978, Part One, ch. IV; Part Two, ch. IX §6). Property and its absence are the basic categories, but skills and credentials also create distinct class situations. Weber separated class from *status* (social honour, often expressed in styles of life and closure around group membership) and from *party* (organisation for power). A "social class" is a set of class situations within which individual and intergenerational mobility is easy and typical.

The most influential contemporary neo-Weberian scheme is Goldthorpe's. It classifies positions by the form of employment regulation: a labour contract involving short-term exchange of pay for effort, a service relationship involving prospective rewards and trust, and intermediate forms. These forms are explained as responses to employers' problems of monitoring work and protecting investments in specific skills (Erikson & Goldthorpe, 1992; Goldthorpe, 2007). The European Socio-economic Classification and the UK National Statistics Socio-economic Classification (NS-SEC) derive from this logic (Rose & Pevalin, 2003).

Interpretation. The Weberian tradition contributes two elements this paper retains: the notion of *life chances* as the consequence that makes class matter, and the analytical separation of class from status. Weber's concept of social closure is also central to understanding how identity groups monopolise opportunities. Its limitation in contexts of high informality is practical as well as conceptual: employment-regulation schemas assume that contracts can be classified, whereas

most informal employment has no written contract, and the distinction between service and labour contracts collapses in casual work.

3.3 Institutional approaches

Original argument. Institutional economists and historical sociologists emphasise that property, contract and labour are defined by rules, and that rules are made and changed through power and politics. Veblen (1899) analysed the leisure class as a product of institutions of ownership and emulation. Polanyi (1944) argued that labour, land and money became "fictitious commodities" only through deliberate institutional construction. North (1990) defined institutions as the rules of the game, and Acemoglu and Robinson (2012) related long-run prosperity to whether institutions are inclusive or extractive. Esping-Andersen (1990) showed that welfare regimes vary in how far they decommodify labour, altering the extent to which workers depend on the market. Tilly (1998) argued that durable inequality arises when categorical distinctions (such as citizen and alien, or male and female) are matched to organisational boundaries through exploitation and opportunity hoarding, then stabilised by emulation and adaptation.

Interpretation. This tradition explains *how classes are made and remade*. It is indispensable in plural societies because it shows how identity categories become attached to economic positions through law and organisation. Its limitation is the reverse of the Marxian weakness: it can describe institutions in detail without specifying which positions they create. The present framework uses institutional analysis as the generative layer underneath class positions rather than as a definition of class.

3.4 Stratification and socioeconomic-status approaches

Original argument. Stratification research ranks individuals or occupations on continuous scales of prestige, socioeconomic status or income and studies how origins predict destinations (Blau & Duncan, 1967). Functionalist theory explained differential rewards as incentives to fill functionally important positions (Davis & Moore, 1945). Occupational indices such as the International Socio-Economic Index allow cross-national comparison (Ganzeboom et al., 1992). Grusky and Weeden (2001; Weeden & Grusky, 2005) argued for "microclasses": detailed occupations that are institutionalised through training, licensing and associations, and that may be more homogeneous than big-class categories.

Interpretation. Stratification approaches are rigorous and well suited to measuring attainment. They are, however, **gradational** rather than relational: they place units

on a scale of more or less, without specifying a relation between positions. A continuous status score cannot distinguish an owner from a well-paid employee at the same score. The microclass programme captures real institutional closure but, in informal economies, many occupations lack the licensing and associations that make microclasses cohere.

3.5 Bourdieusian approaches

Original argument. Bourdieu (1979/1984, 1986) modelled society as a social space structured by the volume and composition of capital: economic, cultural, social and symbolic. Positions in this space are associated with dispositions (*habitus*) and tastes that reproduce advantage, for example through schooling. Bourdieu (1987) distinguished theoretical classes on paper from mobilised groups. Savage et al. (2013) used survey data from the Great British Class Survey to construct seven classes from measures of economic, cultural and social capital; this model attracted methodological criticism concerning its sample and the mixing of class constituents with outcomes (Mills, 2014).

Interpretation. The Bourdieusian tradition is valuable for explaining *reproduction*, especially through education, language and networks, which are highly salient in societies with segmented schooling and elite language premiums. Its limitation for a definitional project is that it broadens class to encompass taste and lifestyle, making it difficult to separate class from status and to test whether class explains cultural outcomes without circularity. The present paper uses cultural and social capital as *mechanisms* influencing bargaining power and access, not as constituents of class.

3.6 Feminist approaches

Original argument. Feminist scholars challenged the convention of assigning women the class of a male household head. Acker (1973) argued that this convention rendered women's own economic positions invisible, and Goldthorpe (1983) defended the conventional view on the grounds that household life chances were in practice determined by the head's position. Feminist economists emphasised unpaid domestic and care work and the dependence of market economies on social reproduction (Folbre, 1994; Hartmann, 1979). Acker (2006) later analysed "inequality regimes" in organisations that jointly produce class, gender and race.

Interpretation. Feminist work exposes two problems that any definition must address: the unit of analysis, and the treatment of unpaid labour. A household-only definition hides intra-household inequality in control over assets and income; an individual-only definition misclassifies people who depend on pooled resources.

This paper responds by defining position at the individual level while measuring livelihood dependence at both individual and household levels, and by treating dependence on a household's pooled income as a distinct relation rather than as absence of class.

3.7 Intersectional approaches

Original argument. Crenshaw (1989) showed that legal frameworks treating race and sex discrimination separately failed Black women, whose disadvantage arose from their intersection. Collins (2000) developed the concept of a matrix of domination. Anthias (2013) argued that class, gender and ethnicity should be analysed as intersecting hierarchies of social location rather than as additive variables.

Interpretation. Intersectionality is essential in plural societies because identity categories rarely act independently: the economic position of a woman from a low-status caste or a minority sect cannot be read off any single category. The risk, for a definitional project, is that class becomes one identity among many and loses its specific relational content. The present paper treats intersectionality as a theory of how positions are *allocated* and *experienced*, while preserving class as a distinct dimension defined by economic relations.

3.8 Capability-based approaches

Original argument. Sen's (1981) entitlement approach explained famine not by food shortage but by collapse in the exchange entitlements of particular occupational groups, such as rural labourers whose wages fell relative to food prices. Sen (1999) and Nussbaum (2011) developed the capability approach, assessing well-being by what people are able to do and be. Robeyns (2017) provides a systematic account.

Interpretation. The capability approach is not a class theory, but Sen's entitlement analysis is a striking demonstration of class-relevant mechanisms: groups with the same nominal income can have radically different exposure to shocks depending on whether they own food-producing assets or depend on wages. This paper borrows the idea that *security* and *conversion of resources into functionings* are crucial outcomes of class position. It does not, however, define class by capabilities, because capabilities are what class positions help to explain.

3.9 Contemporary research on wealth, precarity and informality

Recent empirical work strengthens the case for asset-based and security-based dimensions. Piketty (2014) and Saez and Zucman (2016) documented the

concentration of wealth at the very top in several high-income countries, and the World Inequality Report 2022 estimated that the richest tenth of the world population owned roughly three-quarters of global wealth, while the poorer half owned about 2% (Chancel et al., 2022). Killewald et al. (2017) reviewed evidence that wealth is more unequally distributed than income, is only moderately correlated with it, and shapes life chances through channels that income does not capture. Pfeffer and Killewald (2018) found multigenerational associations in family wealth. Research on precarity identifies insecure work as a distinct condition rather than as low pay alone (Kalleberg, 2009; Standing, 2011). Research on informality, beginning with Hart (1973), and the statistical compilations of the International Labour Organization (2018), show that informal employment accounts for most employment in many developing economies. Chen (2012) and Breman (1996) document the heterogeneity of informal work, which ranges from informal employers to casual labourers bound by debt.

Interpretation. These literatures support three design choices in this paper: wealth and debt must be measured directly rather than inferred from income; security must be measured as a separate outcome; and informal positions must be differentiated rather than treated as a single residual "informal sector".

Table 1

Comparison of major theoretical traditions in the analysis of economic class

Tradition	Ontological assumptions	Definition of class	Mechanisms of differentiation and reproduction	Unit of analysis	Strengths and limitations in plural societies	Implications for measurement
Marxian	Realist; classes are relations of production with causal powers	Position in relations of ownership and control of the means of production	Exploitation; appropriation of surplus; exclusion from productive assets	Positions in relations; individuals as occupants	Strong on relations and power; weak on peasants, informal and mixed positions; may subordinate identity	Measure ownership, employment of others, authority; income only as outcome
Weberian / neo-Weberian	Moderate realism; classes as market situations shaping life chances	Common life chances from property, skills and form of employment regulation	Market capacity; social closure; labour contract vs service relationship	Individuals in employment; household via head	Separates class from status; closure explains group monopolies; contracts hard to classify in informal work	Occupation plus employment status and contract (EGP, NS-SEC, ESeC)
Institutional	Classes are made by rules; historically contingent	Positions defined by property, contract, welfare and citizenship rules	Rule-making, path dependence, categorical pairing, opportunity hoarding	Institutions and organisations	Explains how identity is tied to assets; may not specify which positions result	Document legal and administrative rules; link rules to access indicators
Stratification / SES	Nominal or gradational; continuous hierarchy	Rank on prestige, status or income scales; or detailed microclasses	Attainment through education and origin; occupational closure	Individuals; occupations	Precise attainment models; gradational scales cannot separate owners from high earners	Occupational indices (ISEI), income deciles, status attainment models
Bourdieusian	Relational social space; constructed classes on paper	Position by volume and composition of economic, cultural, social capital	Habitus, schooling, conversion of capitals, symbolic power	Agents in fields; families	Strong on reproduction via education and language; risks merging class with status and taste	Multiple correspondence analysis of capitals; risk of circularity
Feminist	Critical of male-head household convention	Positions including unpaid work and gendered access to assets	Gendered division of labour; social reproduction; inequality regimes	Individuals within households	Exposes intra-household inequality; needs integration with property relations	Individual asset ownership; time use; dual individual/household coding
Intersectional	Mutually constitutive social locations	Class as one axis within intersecting hierarchies	Simultaneous operation of class, race, caste, gender, religion	Social locations; groups and individuals	Essential for plural societies; risks dissolving class into identity	Interaction and decomposition analyses by group and class
Capability	Normative-evaluative; focus on freedoms	Not a class theory; entitlements and capabilities	Exchange entitlements; conversion factors; vulnerability	Individuals	Explains differential shock exposure; does not define positions	Security, entitlement and functioning indicators as outcomes

Source: Author's synthesis of the works discussed in Sections 3.1–3.9.

Note. The table compares eight traditions on six criteria, showing that their differences concern ontology and units as much as definitions. It suggests the traditions are complementary once constitution, mechanism and outcome are separated. The table necessarily simplifies internally diverse traditions; individual scholars within each tradition depart from the summary, and the interpretive entries reflect the author's own critical reading throughout.

3.10 Synthesis

The comparison suggests that no single tradition answers all eight research questions, but that the traditions are less incompatible than often supposed once one distinguishes *what constitutes* a class position, *what causes* differences between positions, and *what results* from them. Marxian theory contributes the relational core and the concept of exploitation; Weberian theory contributes life chances, closure and the separation of class from status; institutional theory supplies the generative mechanisms; stratification research supplies measurement discipline; Bourdieusian and feminist work supply mechanisms of reproduction and the unit problem; intersectional theory supplies the allocation mechanisms in plural societies; and capability theory supplies a broader account of outcomes. Wright (2015) proposed a similar integration of "individual attributes", "opportunity hoarding" and "domination and exploitation" mechanisms. The present framework builds on that integration but differs in two respects: it states explicit existence conditions (Section 2.8), and it allocates each dimension to a constitutive, mechanistic or indicator role (Section 4).

4. An Original Multidimensional Definition of Economic Class

4.1 The definition

The paper proposes the following definition.

> An **economic class** is a set of positions, recurrent across a population and durable over time, that share a common location within institutionally constituted relations of (i) control over productive and financial assets, (ii) dependence for livelihood on particular sources of income, and (iii) authority in the organisation of work; and that, by virtue of that location, face systematically similar opportunities, constraints and exposure to economic insecurity.

Four features of this definition should be emphasised. First, it is **relational**: each of the three constitutive elements is a relation to assets, to sources of livelihood or to other people at work. Second, it is **institutional**: what counts as control, dependence and authority is defined by property law, contract and employment regulation, land tenure and social protection. Third, it is **consequential**: positions qualify as class positions only if they shape life chances (conditions E3 and E4). Fourth, it is **parsimonious**: income level, consumption, status, tastes and political influence are

excluded from the definition, so that the framework can explain them rather than assume them.

The definition answers the first research question. Individuals are members of the same economic class when they occupy positions that are similar with respect to asset control, livelihood dependence and work authority, *and* when that similarity matters for their life chances. Two people with identical incomes may therefore belong to different classes, and two people with very different incomes may belong to the same class.

4.2 Distinguishing class from adjacent concepts

Table 2 sets out how economic class differs from concepts with which it is often confused. The guiding principle is that adjacent concepts measure *quantities* or *rankings* or *membership in status groups*, whereas class identifies *relational positions*. The concepts can be correlated, sometimes strongly, without being the same.

Table 2

Economic class distinguished from adjacent concepts

Concept	What it identifies	Relation to economic class	Example of divergence
Socioeconomic status (SES)	A composite rank on education, occupation and income	Gradational outcome and correlate; not relational	A high-SES salaried academic and a lower-SES landlord who employs tenants
Occupation	The tasks performed in work	Partial indicator of R and B; omits assets and livelihood mix	Two shopkeepers: one owns the shop and employs staff, one rents a stall alone
Income decile	Rank in the distribution of current income	Consequence and indicator; volatile over the life cycle	A retired landowner in decile 3 and a casual worker in decile 3
Wealth band	Rank in net worth	Partly constitutive (productive assets), partly indicator	A household with an expensive inherited home but no productive assets
Elite membership	Occupancy of top positions in organisations, state or society	Overlaps with K1 and K3 but includes positions defined by office, not economic relation	A senior civil servant with authority but modest assets
Political influence	Capacity to shape decisions and institutions	Mechanism (I) through which positions are reproduced	An organised union of low-asset workers with high political leverage
Status group / identity	Shared honour, lifestyle or ascribed membership (caste, ethnicity, sect)	Separate dimension; becomes part of class allocation only through institutional pairing	A caste or ethnic group containing landlords, traders and labourers

Source: Author's construction based on Weber (1922/1978), Wright (2015) and the framework in Section 4.

Note. The table separates economic class from seven concepts often used as substitutes. Each adjacent concept captures a rank, task, office or membership, whereas class captures a relational position. The divergence examples show that units can coincide on one concept while differing in class. The examples are stylised; empirical correlation between class and these concepts may nonetheless be high in practice.

4.3 Constitutive dimensions, mechanisms and indicators

The central requirement for any multidimensional account is to avoid treating every correlate of advantage as part of the definition. This paper assigns each candidate dimension one of three roles:

- A **constitutive** dimension is part of what it is to occupy a class position. Changing it changes the position.
- A **causal mechanism** is a process through which positions generate differences in outcomes or through which positions are reproduced. Mechanisms explain why positions matter but are not themselves positions.
- A **consequence or indicator** is an observable outcome that class positions produce, and that can therefore be used as evidence about them, but which can also arise for other reasons.

The eight candidate dimensions are assessed below.

1. Ownership and control of productive assets (constitutive). Control over land, business capital, rental property and financial assets determines whether a unit can earn income without selling labour, whether it can employ others and whether it can absorb shocks. Control, not formal title alone, is decisive: a landowner who leases land out controls it in the relevant sense; a woman holding legal title to land managed entirely by male relatives may not.

2. Dependence on wages, self-employment, rents, profits or transfers (constitutive). The composition of livelihood specifies to whom a unit is economically exposed. Wage dependence creates exposure to employers and labour markets; dependence on self-employment creates exposure to product markets and suppliers of credit; rent and profit dependence creates claims on others' labour or use of assets; transfer dependence creates exposure to the state or to family networks (Esping-Andersen, 1990).

3. Employment relations and workplace authority (constitutive). Whether one employs others, supervises them, works under supervision or works alone defines relations of domination in production (Wright, 1997). Contract form (written or verbal, permanent or casual, with or without social insurance) defines exposure to dismissal and risk (Goldthorpe, 2007; Kalleberg, 2009).

4. Income level, composition, stability and predictability (split role). Income *composition* is captured by dimension 2 and is constitutive. Income *level* is a consequence and indicator. Income *stability* and *predictability* are aspects of economic

security and are treated as outcomes (dimension S below). Defining class by income level would make the explanation of income by class circular.

5. Net wealth, debt and financial resilience (split role). *Productive* wealth is constitutive through dimension 1. Total net wealth, including owner-occupied housing and consumer debt, is partly an indicator of past accumulation and partly a mechanism, because buffers reduce exposure to shocks. Debt can be constitutive when it creates a relation of dependence, as in bonded labour or tied credit between landholders and tenants (Breman, 1996).

6. Skills, credentials and bargaining power (mechanism). Scarce skills and credentials increase bargaining power and can be the basis of closure (Weber, 1922/1978; Wright, 1985). They are treated as mechanisms because they operate *through* positions: a credential raises bargaining power only within an employment or professional relation.

7. Access to public services, social protection and opportunities (mechanism and indicator). Access to education, health care, credit and legal title shapes the ability to acquire and protect assets and skills. Because access is often allocated through institutions that also allocate positions, it is both a mechanism of reproduction and an indicator of position.

8. Capacity to influence institutions and to transmit advantages across generations (mechanism). Political influence and intergenerational transmission are the principal ways in which positions are made durable (Tilly, 1998; Winters, 2011). They are mechanisms of reproduction rather than constituents, which is why the framework can investigate whether particular positions possess them.

Table 3

Conceptual dimensions, roles in the framework and observable indicators

Dimension	Role	Observable indicators	Typical source
A: Productive and financial asset control	Constitutive	Value of land, business capital, rental property and financial assets net of secured debt; number of non-family employees	Wealth or asset modules; agricultural census; tax and land records
L: Livelihood dependence	Constitutive	Shares of income from wages, self-employment, profits, rents and interest, transfers and remittances	Household income modules (HIES)
R: Employment and authority relation	Constitutive	Employment status; supervisory duties; written contract; social-insurance coverage; bonded or advance-based labour	Labour-force survey; employment modules
B: Bargaining power	Mechanism	Credential level; skill specificity; union or association membership; district unemployment rate	Labour-force survey; education module; administrative data

Dimension	Role	Observable indicators	Typical source
S: Economic security	Consequence / indicator	Income volatility across waves; months of liquid buffer; pension and health coverage; food-insecurity scale	Panel surveys; HIES food-insecurity module
I: Institutional access and influence	Mechanism / indicator	Legal title; bank account and formal credit; use of public services; private schooling of children; contacts with officials	HIES social modules; financial inclusion surveys; qualitative work
Income level	Indicator	Total household income per adult equivalent, deflated	HIES
Identity categories	Allocation mechanism (not constitutive)	Ethnicity, language, religion or sect, caste or biraderi, sex, region, citizenship status, age	Census; surveys where collected; ethnography

Source: Author's framework (Sections 4 and 6).

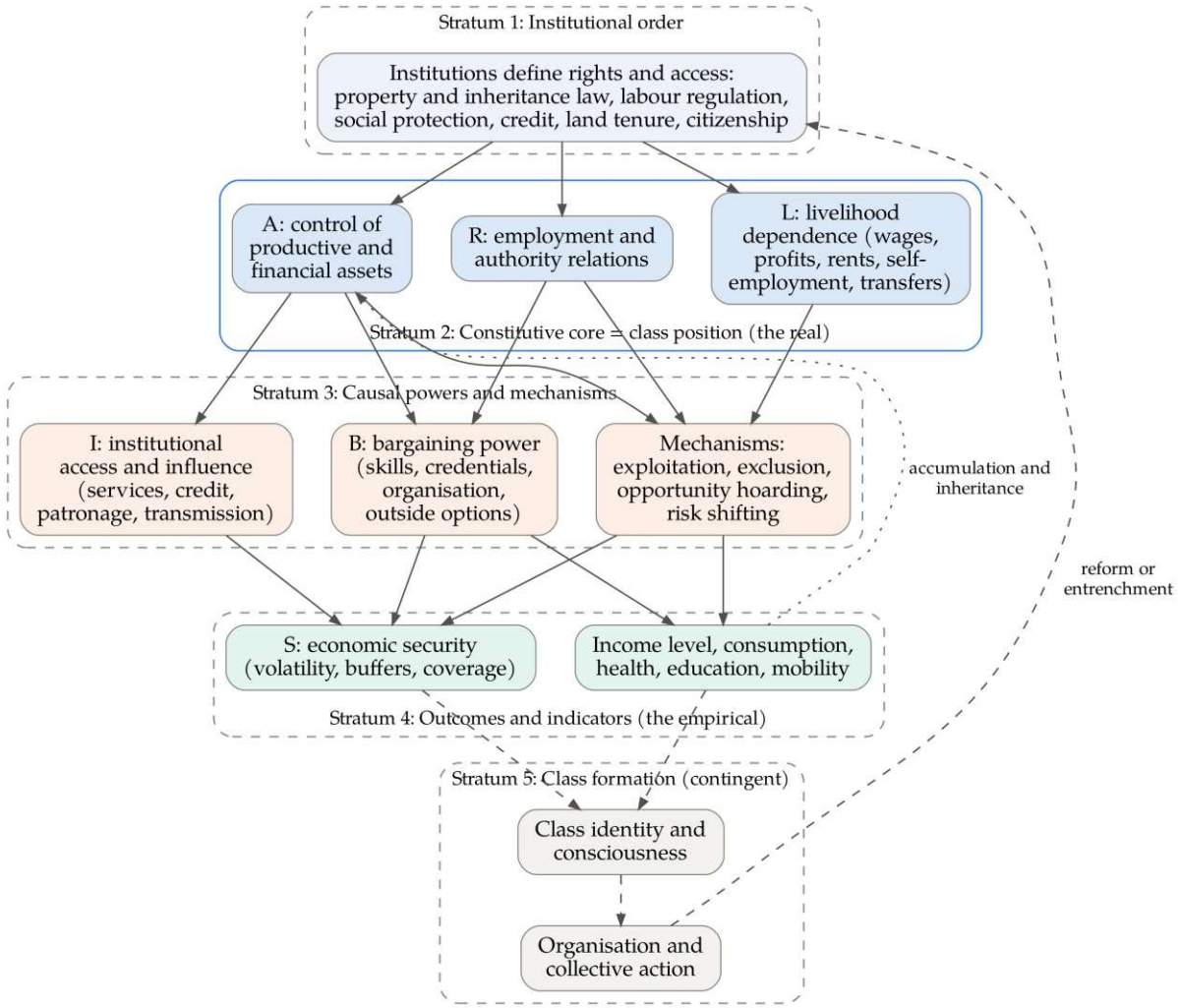
Note. The table maps each dimension to its role and to measurable indicators. Only asset control, livelihood dependence and employment relations define class; the remaining dimensions explain or reveal positions. This separation prevents circular causal explanations. Several indicators, especially wealth, debt, credit access and identity variables, are absent from many existing surveys and will require new modules or linked administrative records.

4.4 The ontological structure of the framework

Figure 1 represents the framework as a stratified structure, consistent with the critical-realist position in Section 2. Institutions constitute the relational core; the core generates causal powers that operate through mechanisms; mechanisms produce observable outcomes; and outcomes may (but need not) give rise to identity, consciousness and organisation, which in turn feed back into institutions. The vertical ordering is analytical rather than temporal: all strata exist simultaneously, and feedbacks are continuous.

Figure 1

Ontological structure of the proposed framework



Source: Author's construction. Strata follow the critical-realist distinction between real, actual and empirical domains (Bhaskar, 1979).

Note. The diagram shows institutions constituting a relational core of asset control, livelihood dependence and authority, which generates mechanisms and observable outcomes. Identity and collective action appear as contingent class formation that can feed back into institutions. The diagram is analytical rather than temporal, and arrows indicate hypothesised influences, not estimated effects or the relative strength of each pathway in practice.

4.5 Difficult cases

A definition is tested by the cases it must classify. The following situations frequently confound income-based and occupation-based schemas.

Wealthy employees. A senior executive with large share holdings is an employee by contract but controls substantial financial assets and exercises authority. The framework classifies by the priority rule set out in Section 6: if net productive and financial assets exceed the asset threshold, asset control dominates and the person occupies a proprietary position; if not, authority places them in the managerial-

professional category. Wright's (1985) contradictory-location concept captures the dual position, which the framework records as a secondary attribute.

Indebted professionals. A newly qualified doctor with high earnings and large education or housing debt has negative net worth. Under the framework, the professional's position is defined by credentialled employment and authority (managerial-professional), while negative net worth is recorded as an indicator of current insecurity. The case shows why income and wealth cannot substitute for each other.

Small farmers. Smallholders who cultivate their own land with family labour are own-account producers. Those who hire seasonal labour may be small employers; those who lease out land and live on rent are proprietors; and those who cultivate others' land as sharecroppers depend on a landholder and are closer to precarious wage workers. Land ownership size alone does not settle classification; the relation to labour and to the landholder does.

Informal workers. Informality is not a class but a condition that cuts across classes. An informal employer running a workshop with eight unregistered employees occupies a different position from those employees. The framework therefore classifies informal workers by asset control, livelihood source and authority, and treats contract formality as part of the employment relation dimension.

Pensioners. Pensioners whose income derives from contributory pensions occupy a position defined by past employment and present transfer dependence. Those with substantial assets are classified by asset control. The framework treats predominantly transfer-dependent households as a distinct livelihood relation rather than assigning them the class of a former occupation, but records the former occupation for mobility analysis.

Unemployed people. Short-term unemployment does not by itself change class position; the relevant position is the one to which the person is attached by skills, contracts and assets. Long-term exclusion from paid work without assets or transfers, however, constitutes a distinct position of marginality.

Unpaid caregivers. People who perform unpaid domestic and care work depend on pooled household income. The framework assigns them an individual livelihood relation of household dependence and a household class position, recording the intra-household asymmetry explicitly rather than either ignoring it or assigning a separate class by fiat.

Households with mixed livelihoods. Many households combine wages, farming, petty trade and remittances. The framework classifies by the dominant source (at least 50% of income) where one exists and otherwise by a priority rule that weights asset control first and authority second, flagging the household as mixed for sensitivity analysis.

Table 4

Classification of difficult cases under the proposed framework

Case	Classification logic	Provisional class	What an income-only scheme misses
Wealthy employee	Asset priority if productive and financial assets ≥ τ_A; otherwise authority	K1 or K3	Asset-based independence from the labour market
Indebted professional	Credentialled employment with authority; negative net worth recorded in S	K3 (low S)	Debt exposure despite high earnings
Small farmer (own land, family labour)	Self-employment dominant; no hired workers	K5	Land as buffer and collateral; seasonal volatility
Sharecropper or tenant	Dependence on landholder; often tied credit	K6 or K8	Relation of dependence and eviction risk
Informal worker	Classified by A, L and R; informality recorded in R	K2, K5 or K6	Heterogeneity of informal positions
Pensioner	Transfer-dependent unless asset priority applies	K7 or K1	Asset holdings; former occupation for mobility
Unemployed person	Short spell: previous position; long-term without assets or transfers	Prior class or K8	Distinction between transitory and structural exclusion
Unpaid caregiver	Individual: household dependence; household class assigned separately	Household class (dual code)	Intra-household inequality in control of resources
Mixed-livelihood household	Dominant source ≥ 0.5; else larger source plus mixed flag	Flagged	Combination of wage, farm, trade and remittance income

Source: Author's application of the classification rule in Section 6.2.

Note. The table applies the framework to nine cases that defeat income-only or occupation-only schemes. It shows that classification turns on assets, dependence and authority rather than earnings. Assignments are provisional and depend on the illustrative thresholds; several cases, such as pensioners and sharecroppers, could fall in different categories under alternative thresholds, which sensitivity analysis must examine explicitly and report transparently.

5. Class in Plural Societies

5.1 Four distinct relationships between class and identity

In plural societies, the relationship between economic class and identity groups can take at least four forms, which are often conflated in public debate.

Economic differentiation within identity groups. Every sizeable ethnic, religious, caste or linguistic group contains owners and workers, secure and precarious households, and creditors and debtors. Treating any group as economically homogeneous is empirically false and analytically misleading. Within-group differentiation is the default, not the exception.

Economic inequality between identity groups. Groups can nonetheless differ in their average position: in landholding, in access to formal employment, in wealth. Stewart (2008) termed such differences *horizontal inequalities* and associated large and persistent horizontal inequalities with higher risks of conflict. Horizontal inequality is a statement about distributions across groups; it does not establish that group membership *constitutes* a class.

Institutional exclusion that shapes class formation. When law or organisational practice restricts a group's access to land, credit, education or employment, identity becomes a mechanism that allocates class positions. Tilly (1998) called this the pairing of categorical distinctions with organisational boundaries. In the limiting case, class and group boundaries coincide, as under statutory racial land restrictions.

Political mobilisation that reinforces or conceals class interests. Political actors may mobilise identity in ways that unite people with divergent class interests, or may use class rhetoric to mobilise across identity lines. Identity mobilisation can conceal intra-group class divisions, for example when landholders and tenants are mobilised as members of the same kin group; it can also reveal class grievances when an excluded group's economic disadvantage becomes politically visible.

The framework keeps these four relationships analytically separate. Identity enters the definition of class *only* through institutions that tie it to asset control, livelihood or authority. Otherwise identity is a correlate, a mechanism of allocation or a basis of mobilisation, but not a constituent of class position.

5.2 Historical and institutional channels

Several institutional channels shape how identity and class interact. Figure 2 summarises them.

Colonial institutions and land tenure. Colonial administrations created land revenue systems, property rights and legal categories that structured class relations for generations. Banerjee and Iyer (2005) found that districts of British India where land revenue was collected through landlords had lower agricultural investment and productivity after independence than districts where it was collected from cultivators. In colonial Punjab, the canal colonies distributed newly irrigated land preferentially to groups designated as agricultural "tribes", and legislation restricted land transfers to non-agriculturist groups (Ali, 1988). These measures tied identity categories to property in ways that outlasted colonial rule.

Discrimination. Discrimination in labour, credit and housing markets converts identity into differences in asset accumulation and employment relations. Studies in India document caste-based discrimination in hiring and wages and large caste gaps in wealth (Deshpande, 2011; Thorat & Newman, 2010; Zacharias & Vakulabharanam, 2011).

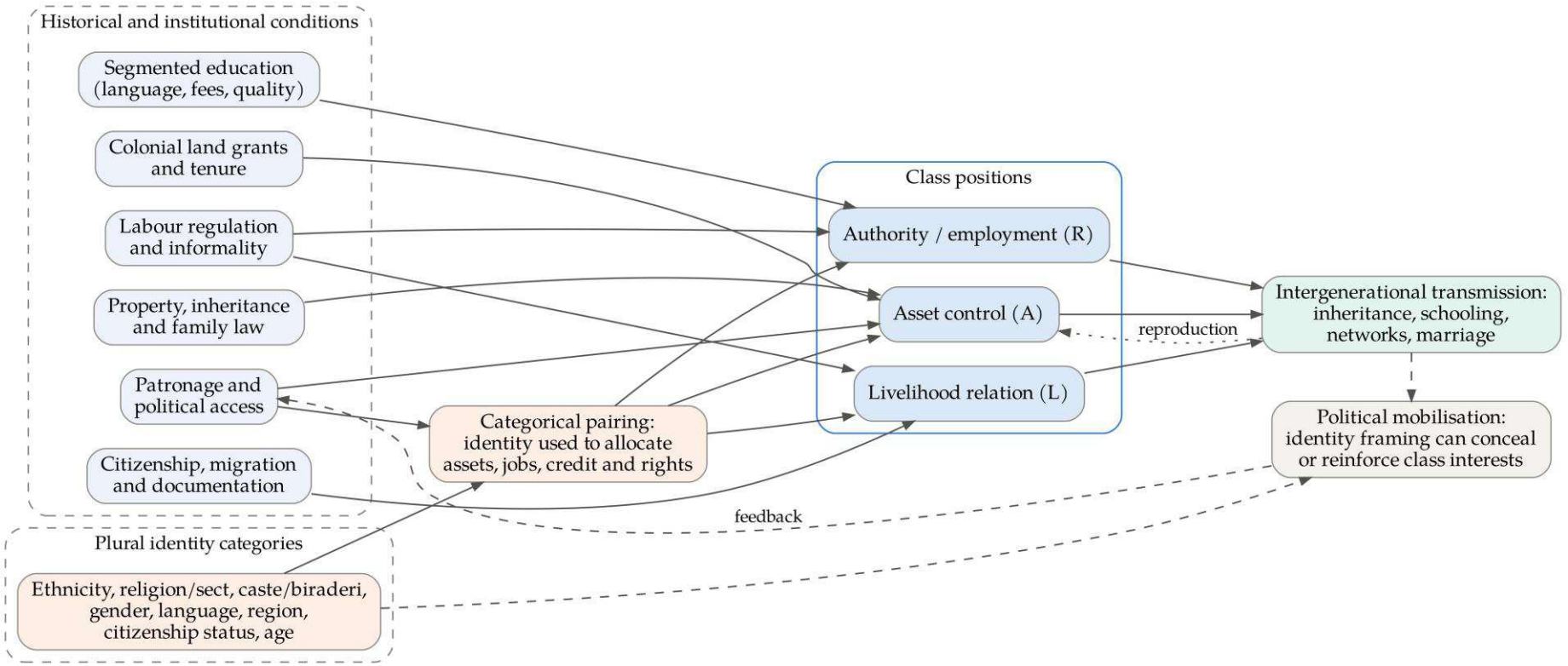
Educational segmentation. Where schooling is divided by language of instruction, fees and quality, education reproduces class positions by allocating credentials and the cultural capital valued by employers (Bourdieu, 1986). In South Asia, proficiency in English is widely associated with access to higher-status employment, which makes the language of schooling a channel of class reproduction.

Patronage. Where public goods and state jobs are distributed through networks of political patronage, access to the state becomes a class resource. Hasnain (2008) analysed how incentives for patronage shaped service delivery in Pakistan, and Martin (2016) documented the political power of landholders in Punjab.

Migration and citizenship. International migration converts labour into remittances that may transform a household's consumption and assets while the migrant occupies a precarious position abroad. Citizenship and documentation status restrict access to formal employment, banking and property registration, creating positions that cannot be read from income alone.

Figure 2

Institutions and plural identities in the reproduction of class positions



Source: Author's construction drawing on Tilly (1998), Ali (1988), Banerjee and Iyer (2005) and Stewart (2008).

Note. The diagram traces how colonial tenure, law, labour regulation, education, patronage and citizenship rules shape asset control, livelihoods and authority. Identity affects class only through categorical pairing in allocation. Transmission and mobilisation close the reproduction loop. Channels are illustrative; their relative importance differs across societies and must be established empirically rather than inferred from the structure of this diagram alone.

5.3 Pakistan as an illustrative application

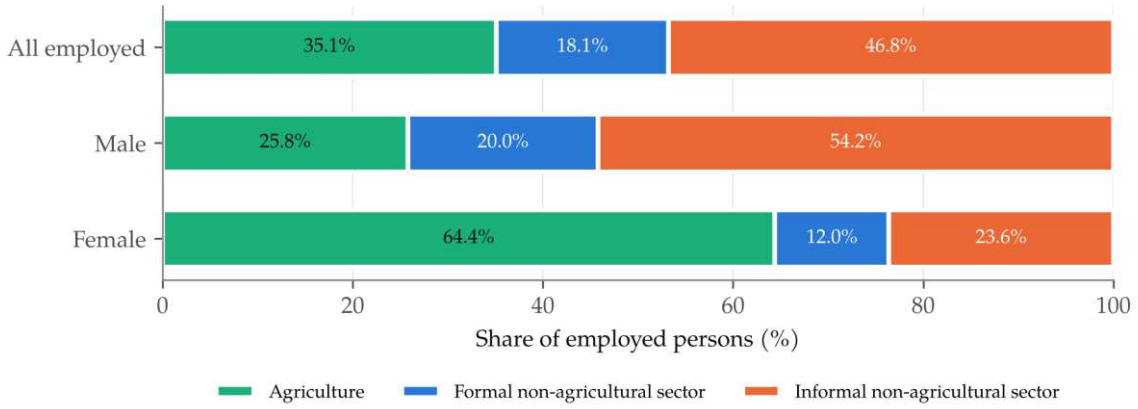
Pakistan illustrates each of these channels. The post-colonial state inherited a bureaucratic and military apparatus that Alavi (1972) argued mediated among landed, domestic industrial and foreign capital, rather than being captured by any single class. Successive land reforms in 1959, 1972 and 1977 imposed ceilings on holdings but are widely judged to have redistributed limited land (Zaidi, 2015). Kinship groups (*biraderi*), sectarian and ethno-linguistic identities, and regional affiliations shape political mobilisation and access to state resources (Jalal, 1995; Martin, 2016).

Contemporary labour-market data show why relational classification matters. According to the Labour Force Survey 2024–25 (PBS, 2025a), as reported in summary releases, about 72.1% of non-agricultural employment was in the informal sector, compared with 72.5% in 2020–21 (INP-WealthPK, 2025), and the unemployment rate rose from 6.3% in 2020–21 to 7.1% (The News, 2025). Under the 13th ICLS definition the same survey places 35.1% of all employment in agriculture, 18.1% in the formal non-agricultural sector and 46.8% in the informal non-agricultural sector (The News, 2025). Figure 3 shows that the distribution differs sharply by sex: most employed women work in agriculture, while men are concentrated in informal non-agricultural work. A class schema built on formal employment contracts would therefore leave most of the employed population, and especially most employed women, in residual categories.

Household data reinforce the point. The Household Integrated Economic Survey (HIES) 2024–25, the first fully digital round, covered 32,814 households between September 2024 and June 2025 (PBS, 2025b), and reported average monthly household income of about Rs 82,179 against consumption of about Rs 79,150 (Dawn, 2026). Averages of this kind are useful for monitoring, but a household near the mean could be a secure public-sector employee, an indebted shopkeeper, a remittance-receiving family or a smallholder with land worth many years of income. The class content of the average is unknown until relations are measured.

Figure 3

Distribution of employed persons by sector and sex, Pakistan, 2024–25



Source: Pakistan Bureau of Statistics, Labour Force Survey 2024–25 (13th ICLS definitions), as reported in The News (2025). Agriculture shares for males and females are computed as residuals.

Note. The chart shows that most employed men work in the informal non-agricultural sector, while most employed women work in agriculture. Formal non-agricultural employment covers under one-fifth of workers. Contract-based class schemas therefore fit Pakistan's labour market poorly, especially for women. Figures derive from press-reported survey summaries, two values are residuals, and unpaid domestic work is excluded from these employment measures.

The Pakistani case also shows the risk of treating identity groups as economically homogeneous. Large landholders and landless labourers may share kin, sect and language; urban professional families and informal workers may share ethnicity and region. Equally, some groups face institutional disadvantage. Religious minorities and some occupational castes have historically been concentrated in stigmatised occupations such as sanitation work, a pattern that the framework would analyse as institutional allocation of livelihood relations rather than as an attribute of identity itself. The framework is designed to keep such patterns visible without assuming them.

5.4 Comparative cases

Three comparative cases were selected to represent different institutional modes by which identity becomes attached to class position. They are illustrations, not a sample; their purpose is to show that the framework can describe different configurations, not to estimate general relationships.

India: ritual hierarchy and constitutional redress. Caste combines an inherited status hierarchy with historical occupational assignment and restrictions on landholding. The Indian Constitution prohibits untouchability and provides reservations in education, public employment and legislatures. Research documents both persistent caste gaps in wealth and land and substantial economic

differentiation within castes (Deshpande, 2011; Zacharias & Vakulabharanam, 2011). The case shows how status closure can allocate class positions and how compensatory institutions can partially reshape that allocation without eliminating it.

South Africa: statutory racial exclusion and deracialisation. Under segregation and apartheid, legislation such as the Natives Land Act of 1913 restricted African land ownership and labour mobility, so that racial categories and class positions were tightly coupled by law. Seekings and Nattrass (2005) argued that after apartheid the basis of inequality shifted, with class position increasingly important relative to race as the upper classes deracialised and inequality within the African population grew. South Africa remains one of the most unequal countries for which data exist (World Bank, 2022). The case shows how removing statutory exclusion can loosen the identity–class coupling while leaving class structure highly unequal.

Malaysia: preferential redistribution to a majority group. The New Economic Policy, introduced in 1971, sought to reduce the identification of ethnicity with economic function by expanding the ownership and employment of the Bumiputera majority through quotas, preferential licensing and state enterprises. Gomez and Jomo (1997) documented how these instruments created new Bumiputera business owners partly through political patronage. The case shows that identity-based policy can change the ethnic composition of classes while generating new intra-group class divisions.

Pakistan: patronage-mediated and tenure-structured relations. Pakistan differs from all three in that formal law is largely group-neutral in property rights, yet colonial tenure, kinship networks and patronage strongly shape access to land, credit and the state. The case therefore emphasises informal institutional channels.

The comparison suggests a general lesson for class analysis in plural societies. Whether identity and class coincide is not a fixed property of a society but a variable outcome of institutions. The framework treats the degree of identity–class coupling as something to be measured, for example by decomposing class composition by group and group composition by class, rather than presumed.

6. Formal Framework and Testable Propositions

6.1 The economic position vector

For unit i (an individual, with a linked household record) at time t, economic position is represented as

$$\boldsymbol{C}_{it} = (A_{it}, L_{it}, R_{it}, B_{it}, S_{it}, I_{it})$$

The components are defined as follows. All monetary quantities are expressed in real terms, deflated by a regional price index, and scaled by the median annual household income per adult equivalent in the reference population, so that they are comparable across regions and survey rounds.

- $\mathbf{A}_{it}$ **(asset control)** is a vector comprising net productive and financial assets a^{P}_{it} (agricultural land, business capital, rental property and financial assets, net of debts secured on them), net owner-occupied housing equity a^{H}_{it}, and total liabilities d_{it}. Unit: multiples of median annual income. Role: constitutive (through a^{P}), with a^{H} and d serving as indicators of resilience.
- $\mathbf{L}_{it}$ **(livelihood dependence)** is a vector of income-source shares (l^{w}, l^{s}, l^{p}, l^{r}, l^{t}) for wages, self-employment mixed income, profits, rents and interest, and transfers (public transfers, pensions and remittances), with the shares summing to one. Unit: proportions. Role: constitutive.
- $\mathbf{R}_{it}$ **(employment and authority relation)** is a categorical variable recording whether the unit is an employer (with the number of non-family employees), an own-account worker, an employee with managerial or supervisory authority, an employee without authority, an unpaid family worker or not employed; together with contract formality (written contract and social-insurance coverage). Unit: categories. Role: constitutive.
- $\mathbf{B}_{it}$ **(bargaining power)** is an index combining credential level, occupational skill specificity, membership of a union or professional association, and the local labour-market outside option (for example, the district unemployment rate). Unit: standardised index (mean 0, standard deviation 1). Role: causal mechanism.
- $\mathbf{S}_{it}$ **(economic security)** combines income volatility (coefficient of variation of income across waves or seasons), liquid buffer (months of consumption covered by liquid assets) and social-protection coverage. Unit: standardised index, with components retained. Role: consequence and indicator, with feedback to accumulation.
- $\mathbf{I}_{it}$ **(institutional access and influence)** combines secure legal title to land or dwelling, access to formal credit and banking, use of public services, and capacity for intergenerational transmission (bequeathable assets, private or elite schooling of children). Unit: standardised index, with components retained. Role: causal mechanism and indicator.

The vector **describes economic position; it does not, by itself, establish discrete classes.** Any partition of the six-dimensional space into categories requires a classification rule, and the rule is a substantive theoretical commitment that must be justified and tested.

6.2 Classification rule

Following the definition, class position is assigned using only the constitutive components:

$$K_{it} = \kappa(A_{it}, L_{it}, R_{it})$$

where κ maps positions to a provisional set of eight relational categories, K1 to K8, defined in Table 5. The components B, S and I are deliberately excluded from κ so that the framework can test whether classes *predict* bargaining power, security and institutional access rather than defining them into existence.

The function κ applies three ordered steps:

- **Step 1: Asset priority.** If $a^{P}_{it} \geq \tau_A$, or the unit employs at least ten non-family workers, assign K1. The illustrative threshold τ_A is twenty times median annual income per adult equivalent, chosen because at conventional rates of return (around 5%) such assets would yield roughly a median income without labour, the point at which a household could in principle live from property. The threshold is a parameter for sensitivity analysis, not a fixed constant.
- **Step 2: Authority priority.** Otherwise, if the unit employs one to nine non-family workers, assign K2; if it is an employee with managerial or supervisory authority or in a professional occupation requiring tertiary credentials, assign K3.
- **Step 3: Livelihood dominance.** Otherwise, assign by the dominant income source (share ≥ 0.5): formal wage employment with contract and social insurance to K4; self-employment without employees to K5; informal or casual wage employment to K6; transfers to K7. Units without productive assets, without regular income and with net debt above one year of median income, or in bonded or debt-tied labour, are assigned to K8. If no source reaches 0.5, the unit is flagged *mixed*, assigned by the larger of the two leading sources, and examined in sensitivity analysis.

Overlapping membership. Positions can overlap, for instance a salaried manager who also owns rental property below τ_A. The rule assigns a primary class but records secondary positions. In a probabilistic extension, a latent class model estimates

membership probabilities π_{itk} from indicators of A, L and R (Collins & Lanza, 2010). Units with $\max_k \pi_{itk} < 0.7$ are reported as boundary cases rather than forced into a category.

Weights. The rule does not aggregate dimensions with weights, because aggregation would allow, for example, high income to offset the absence of assets. The priority ordering A > R > L reflects the theoretical claim that control over assets and over others' labour confers powers that livelihood source alone does not. This ordering is itself a hypothesis to be assessed against alternatives, such as a latent class model in which no ordering is imposed.

Table 5

Provisional relational typology: defining rules and illustrative positions

Class	Defining rule (priority order A > R > L)	Illustrative positions (Pakistan)
K1 Proprietors and wealth-holders	Net productive and financial assets ≥ τ_A, or employer of ≥ 10 non-family workers	Large landholders; industrial and trading owners; major property and financial-asset holders
K2 Small employers	Employer of 1–9 non-family workers; assets below τ_A	Workshop owners; transport operators; medium farmers hiring labour; retailers with staff
K3 Managerial-professional	Employee with managerial or supervisory authority, or tertiary-credentialled professional	Senior civil servants; bank managers; doctors; engineers; university faculty
K4 Secure employees	Wage dominant; written contract and social-insurance or pension coverage; no authority	Clerical staff; teachers; technicians; formal factory workers; lower public-service grades
K5 Own-account producers	Self-employment dominant; no hired workers	Owner-cultivators; artisans; shopkeepers; drivers owning vehicles
K6 Precarious wage workers	Wage dominant without contract or social insurance; casual or piece-rate	Construction and agricultural labourers; domestic workers; informal factory and retail employees
K7 Transfer-dependent	Transfers, pensions or remittances ≥ 0.5 of income; asset priority not met	Pensioner households; households reliant on cash transfers or remittances
K8 Asset-less marginal	No productive assets, no regular income, and net debt > 1 year of median income or debt-tied labour	Bonded brick-kiln workers; long-term jobless without support; destitute households

Source: Author's construction. Illustrations are examples of where positions may fall, not empirical estimates.

Note. The table defines eight provisional categories using only asset control, authority and livelihood dependence, applied in a fixed and explicit priority order. Assigning K1 first prevents high-asset employees being treated as workers. The categories are hypotheses: each must satisfy recurrence, durability and consequentiality conditions, and empirical testing may merge or split categories, for example within the large heterogeneous K6 group.

6.3 Why the number of classes is provisional

Eight categories are proposed because they capture the major relational distinctions identified in Sections 3 to 5, including those, such as transfer dependence and asset-less marginality, that schemas designed for formal labour markets omit. The number

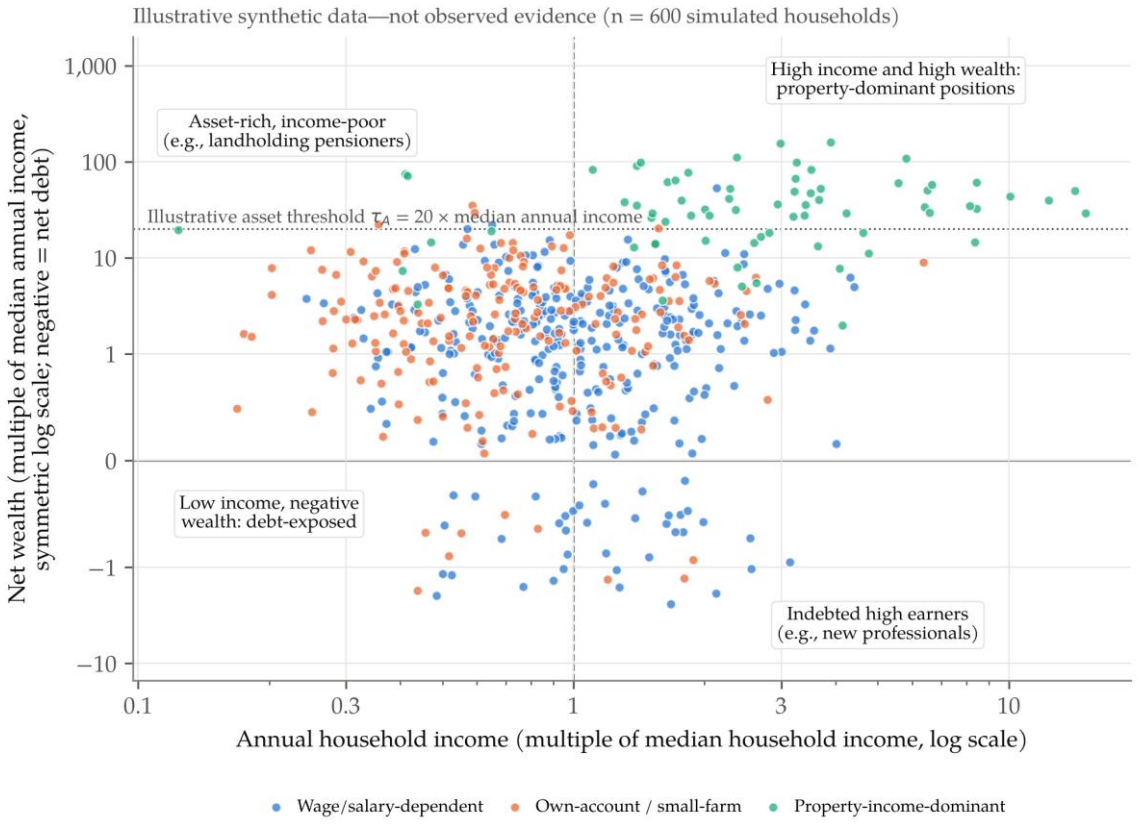
is not derived from first principles. Whether eight categories satisfy the existence conditions E2 to E4 is an empirical question. Some may merge (if, for example, K2 and K5 do not differ in durability or consequences), and others may split (if the K6 category contains distinct agricultural and urban positions). The correspondence between eight relational categories and the eight income bands evaluated in Section 7.4 is a coincidence of number, not of content.

6.4 Income and wealth combinations

Figure 4 illustrates why income and wealth cannot be collapsed into a single scale. It plots simulated households in income–wealth space and marks four combinations that pose classification problems: high income with negative wealth, low income with high wealth, low income with net debt, and high income with high wealth. The figure uses synthetic data generated in Appendix D solely to show how the classification rule reads such combinations; it is not evidence about any population.

Figure 4

Income–wealth combinations and their classification implications



Source: Illustrative synthetic data—not observed evidence. Generated by the code in Appendix D (seed 20261117).

Note. The scatter places simulated households by income and net wealth, marking four combinations that defeat single-scale classification. Indebted high earners and asset-rich low earners show why

income and wealth diverge. The dotted line marks the illustrative proprietary asset threshold. All points are synthetic, so the clustering, proportions and correlations convey no information about any real population or survey dataset whatsoever.

6.5 Propositions

The framework yields ten propositions, separated into definitional propositions, theoretical claims about mechanisms and empirically testable hypotheses.

Definitional propositions

D1. A category is an economic class only if it is defined by a position within relations of asset control, livelihood dependence or employment authority (E1), and that position is recurrent, durable and consequential in the population concerned (E2–E4).

D2. Class position does not require class identity, consciousness or organisation; class formation does. A society can therefore have a class structure without class politics.

D3. Income level, consumption and economic security are consequences and indicators of class position, not constituents of it. A change in income without a change in A, L or R is mobility within a class, not between classes.

Theoretical claims about causal mechanisms

M1. Exploitation and opportunity hoarding. Advantaged positions are reproduced partly because their advantages depend on the exclusion of others from productive assets and credentialled positions (Tilly, 1998; Wright, 2015).

M2. Institutional boundary height. The sharpness and durability of class boundaries vary with institutions: where property titling, credit, labour protection and social insurance are allocated categorically, boundaries are higher; where they are universal, boundaries are lower.

M3. Categorical pairing. In plural societies, identity categories become associated with class positions to the extent that institutions use them to allocate assets, employment or rights. Where such pairing is absent, identity groups will display substantial internal class differentiation.

Empirically testable hypotheses

H1. Incremental validity. Conditional on current income and individual attributes, relational class position predicts five-year risks of downward mobility, consumption volatility and loss of assets after shocks. *Test:* panel data; compare models with and without K. *Disconfirmation:* no significant improvement in predictive performance.

H2. Shock exposure. Households with similar incomes but different livelihood relations experience different consumption losses after common shocks (inflation spikes, floods). Wage-dependent informal households (K6) experience larger proportional losses than own-account households with land (K5). *Test:* difference-in-differences around documented shocks. *Disconfirmation:* no difference by K conditional on income.

H3. Asset-based persistence. Intergenerational persistence is higher at the extremes of the asset distribution than income-based mobility models predict. *Test:* transition matrices by K versus by income quintile, compared with mobility indices. *Disconfirmation:* persistence in K1 and K8 no higher than in income quintiles 5 and 1.

H4. Within-group differentiation. In each major identity group, the dispersion of households across relational classes is larger than the difference in class composition between groups, except where institutions pair identity with assets. *Test:* decomposition of class distributions within and between groups. *Disconfirmation:* group membership explains most variation in class position even without institutional pairing.

6.6 Alternative explanations and challenging evidence

Several findings would challenge the framework. First, if income level alone predicts outcomes as well as relational class (H1 fails), the parsimony argument for relations would weaken. Second, if latent class models consistently produce partitions that cut across A, L and R, the constitutive selection would be in doubt. Third, if class positions were highly fluid, with diagonal transition probabilities close to their marginal shares, condition E3 would fail and classes would be better described as transient states. Fourth, if group identity explained outcomes better than class position even after accounting for institutional pairing, intersectional or status-based explanations would be favoured. The framework should be revised rather than defended in the face of such evidence.

Two alternative explanations deserve explicit attention. A human-capital explanation would attribute differences in outcomes to individual skills and choices rather than to positions; the framework addresses this by including B as a mechanism and testing whether K predicts outcomes net of credentials. A life-cycle explanation would attribute apparent class differences to age; the framework addresses this by comparing units at similar ages and by distinguishing transfer dependence in old age (K7) from structural marginality (K8).

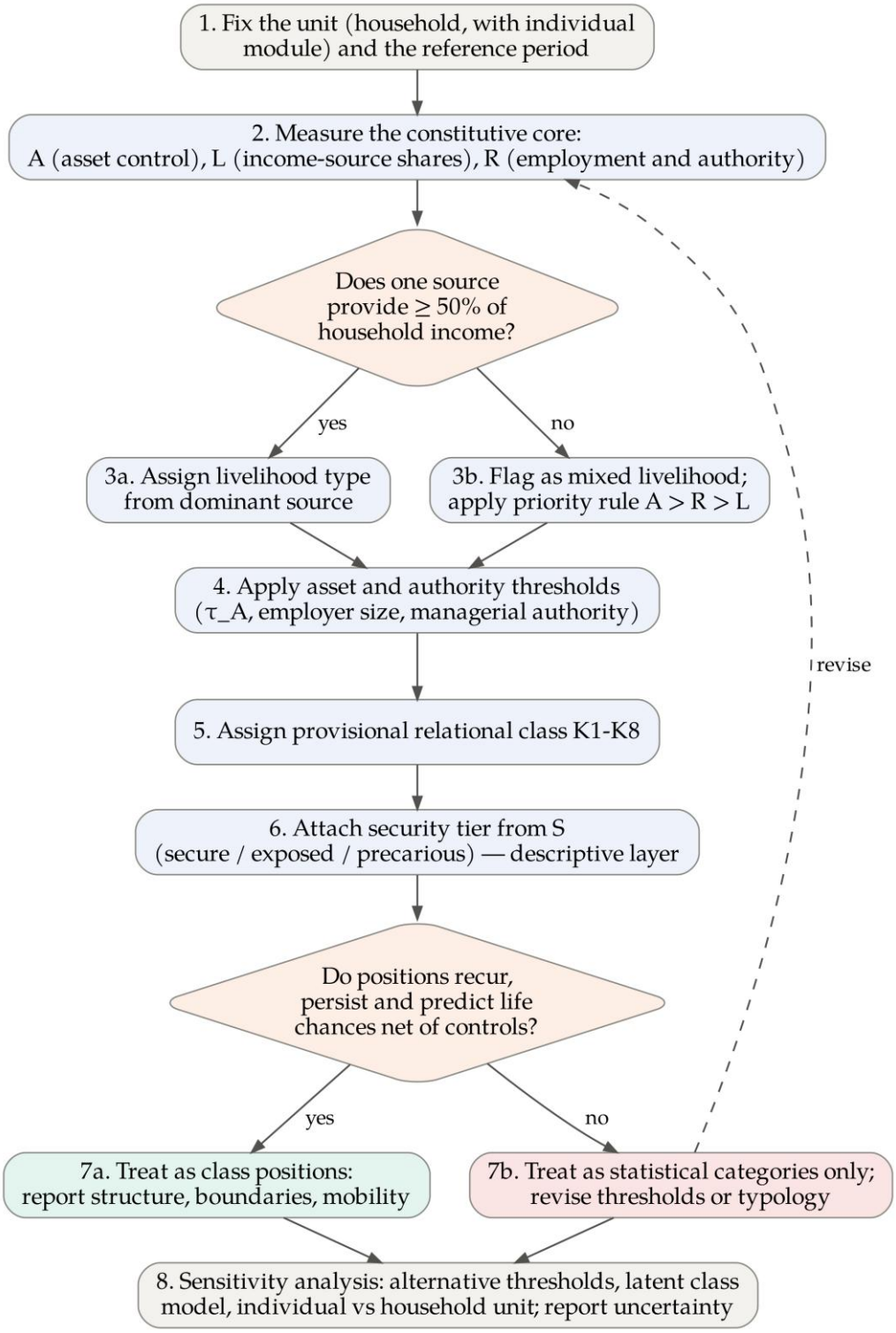
7. Measurement and Empirical Research Design

7.1 From concept to measurement

The measurement strategy follows the classification process in Figure 5. It begins by fixing the unit and reference period, measures the constitutive core, applies the classification rule, attaches the descriptive security layer and then tests whether the resulting categories satisfy the existence conditions. Categories that fail are reported as statistical classifications and the typology is revised. Every step is followed by sensitivity analysis.

Figure 5

Process of class identification and classification



Source: Author's construction; operational rules in Appendix B.

Note. The flowchart sets out eight ordered steps from defining the unit to sensitivity analysis. Constitutive dimensions are measured first and separately, mixed livelihoods are handled by a priority rule, and categories are retained as classes only if existence conditions hold. Thresholds shown are illustrative parameters; different thresholds or latent class models may produce different partitions, class sizes and boundary cases.

7.2 Measurement problems and proposed solutions

Individual versus household classification. The framework measures R and individual earnings at the individual level and A, total L and consumption at the household level. Each individual receives two codes: an *individual position* (from their own R and income sources) and a *household class* (from the household's A, L and the R of the member with the highest authority or, alternatively, the highest earnings). Reporting both allows the conventional head-based approach to be compared with an individual-based dominance approach and exposes cases, such as unpaid caregivers, where the two diverge.

Informal and unpaid work. Informality is recorded through contract form, registration of the enterprise and social-insurance coverage, following the international statistical standards used in the Labour Force Survey. Unpaid family work in farms and enterprises is coded as such in R and linked to the household enterprise. Unpaid domestic and care work, which surveys typically do not value, is recorded through time-use modules where available and is treated as household dependence in L.

Missing wealth and top-income observations. Household surveys under-represent the very top of the income and wealth distributions because of sampling and non-response (Vermeulen, 2018). Pakistan's HIES collects information on selected assets such as land, livestock, dwellings and some durable goods, but it is not a full household balance-sheet survey. Three remedies are proposed: (1) use of imputation models calibrated to observed holdings, with imputation uncertainty propagated by multiple imputation; (2) adjustment of the top tail using tax or administrative data where access permits, following the approach of the World Inequality Database (Chancel et al., 2022); and (3) transparent reporting that the K1 category is likely to be undercounted.

Debt and negative net wealth. Net wealth can be negative, which rules out logarithmic transformations and many inequality indices. The framework uses a symmetric scaling for visual display (Figure 4), reports debt separately from assets and distinguishes debt that finances productive assets from consumption and distress debt. Debt that creates a relation of personal dependence, such as advance-based labour contracts, is coded in R and can place a unit in K8.

Regional price differences. Monetary components are deflated using regional or provincial price indices and expressed as multiples of the median, which reduces the influence of price differences between, for instance, large cities and rural districts.

Where spatial price indices are unavailable, consumption-based deflators derived from survey unit values can be used (Deaton, 1997).

Life-cycle changes and temporary income shocks. Income fluctuates with age and with transitory shocks. Because classification depends on A, L and R rather than income level, it is less sensitive to short-term fluctuations. Remaining sensitivity is addressed by using a twelve-month reference period, by requiring that a change in L persist across two observations before reclassification in panel data, and by comparing units within age bands.

Within-household inequality. Pooling assumptions can hide the fact that women and younger members control fewer assets (Haddad & Kanbur, 1990). Where surveys record ownership by person, A is measured individually; where they record it by household, the analysis reports the sensitivity of results to alternative sharing rules.

Classification uncertainty and sensitivity. The analysis should report results under at least four alternative specifications: (a) τ_A at ten, twenty and forty times median income; (b) the dominance threshold at 0.4, 0.5 and 0.6; (c) individual versus household units; and (d) a latent class model with no imposed priority ordering. Conclusions that change across these specifications should be reported as fragile.

7.3 Class structure versus inequality

A class structure is a set of relational positions and the relations among them. Inequality is the dispersion of a quantity (income, consumption, wealth) across units. The two are related, because class positions generate inequality, but they are not the same.

The Gini coefficient illustrates the difference. The Gini is a summary of how far a distribution departs from equality; it depends only on the values in the distribution, not on who holds them or how they are related. Consider two hypothetical five-person societies, each with incomes (10, 10, 10, 20, 50). In the first, all five are employees with different skills. In the second, the person with 50 owns the land that the other four rent and work. The mean in both is 20, the sum of absolute differences across all ordered pairs is 360, and the Gini coefficient is $360 / (2 \times 5^2 \times 20) = 0.36$ in both societies. Yet the first has one class with internal wage differences while the second has a landlord–tenant class relation. The Gini cannot detect the difference because it is invariant to which units hold which amounts and ignores relations entirely.

Decomposable inequality indices, such as the Theil index, can apportion inequality into within-group and between-group components (Shorrocks, 1984), but only once groups are defined. The decomposition can therefore show how much inequality lies *between* classes, but it cannot identify the classes; that requires prior relational classification. This is the core analytical value of class beyond inequality measurement: it explains *how* distributions are generated and reproduced, and it identifies the relations that policy must change to alter them.

7.4 Evaluating an eight-band income framework

Muqeem (2026) proposed an eight-class framework for urban Punjab, using indicative monthly household income bands in Pakistani rupees: extreme poor (below Rs 35,000), poor (Rs 35,000–70,000), lower middle (Rs 70,000–150,000), middle (Rs 150,000–350,000), upper middle (Rs 350,000–1 million), rich (Rs 1–5 million), very rich (Rs 5–25 million) and wealth-dominant (above Rs 25 million). That paper profiled each band across institutional, sociological, anthropological and psychological dimensions and interpreted them alongside HIES 2024–25 evidence.

The present framework evaluates these bands on their own terms and against the existence conditions. The bands have clear strengths. They are simple to communicate, they cover the full distribution including the very top, which many survey-based schemas ignore, and they are calibrated to the price level and earnings structure of urban Punjab. They are useful for describing living standards and for identifying target populations.

They also have limitations when read as *classes* rather than as income strata. First, they are defined by income level, which this paper treats as an indicator rather than a constituent (D3); the bands therefore satisfy E2 but do not by construction satisfy E1. Second, they are expressed in nominal rupees per household; without indexation and adjustment for household size, the same household can move between bands through inflation or household composition alone. Third, the highest band is labelled by wealth but defined by income, which conflates two dimensions shown to be only loosely related (Killewald et al., 2017). Fourth, the top three bands lie far above the incomes typically captured in household surveys and require administrative or tax data to be populated.

Table 6 proposes an operationalisation that retains the eight bands as a *stratification axis* and crosses them with the relational categories K1–K8. The resulting matrix allows researchers to ask, for example, what share of the "middle" band is made up of secure employees, own-account traders or remittance-dependent households, and

whether these sub-groups differ in security and mobility. The relational composition entries in Table 6 are expectations to be tested, not findings.

Table 6

Evaluation and operationalisation of the eight-band income classification for urban Punjab

Band (Muqeem, 2026)	Monthly household income (Rs)	Conceptual status and observability	Expected relational composition (to be tested)
Extreme poor	< 35,000	Income stratum; well observed in HIES	Mainly K6, K7, K8; some K5
Poor	35,000–70,000	Income stratum; well observed	K6 and K5; some K4 and K7
Lower middle	70,000–150,000	Income stratum; contains national mean (about Rs 82,000)	K4, K5, K6; remittance K7
Middle	150,000–350,000	Income stratum; observed but thinner	K4, K3, K2; some K5
Upper middle	350,000–1,000,000	Sparse survey coverage	K3, K2; some K1
Rich	1–5 million	Largely outside survey coverage; needs tax data	K1, K2, senior K3
Very rich	5–25 million	Outside survey coverage	Predominantly K1
Wealth-dominant	> 25 million	Named by wealth but defined by income; needs wealth data	K1; verify with asset records

Source: Bands from Muqeem (2026); mean income from Dawn (2026) reporting PBS HIES 2024–25; evaluation by the author.

Note. The table retains the eight published income bands as a stratification axis and states, for each, its observability and expected relational composition. Crossing bands with relational classes tests whether income strata are internally homogeneous. Composition entries are untested expectations, bands are nominal and unadjusted for household size, and top bands cannot be populated from household surveys alone without administrative data.

7.5 Data sources

Table 7 identifies data sources suitable for operationalising the framework in Pakistan and in the comparative cases. No single source contains all six components; the design therefore combines sources, using household surveys for L and R, wealth or asset modules for A, panels for durability and security, and administrative records for the top tail and for institutional access.

Table 7

Data sources for operationalising the framework

Source	Coverage and dates	Framework components	Access and limitations
Pakistan HIES 2024–25 (PBS)	32,814 households; Sept 2024–June 2025; national and provincial	L, partial A, I, S (food insecurity), income	Microdata on request; not a full balance-sheet survey; top tail under-represented
Pakistan Labour Force Survey 2024–25 (PBS, 37th round)	Individuals in sampled households; 2024–25	R, B, informality, wages	Cross-sectional; no wealth; agricultural informality treated separately

Source	Coverage and dates	Framework components	Access and limitations
Pakistan Labour Force Survey 2020–21 (PBS)	99,904 households; district-representative	R, B; baseline for change	Cross-sectional; comparability with 2024–25 requires checks
Pakistan agricultural census and land records	Farm holdings; provincial land registries	A (land)	Operated area differs from ownership; registry access uneven
Tax and social-registry records (FBR; NSER)	Taxpayers; registered low-income households	Top incomes; I; K7–K8 targeting	Restricted access; confidentiality constraints
India PLFS and All India Debt and Investment Survey 2019	National; NSS 77th round for assets and debt	R, L; A and debt	Caste recorded in broad categories; top tail under-represented
South Africa NIDS panel (2008–2017) and QLFS	National panel; quarterly labour survey	L, R, S; mobility (E3)	Panel attrition; wealth module limited
Malaysia Household Income Survey 2022 (DOSM)	National; income by ethnic group	L, income by group	Limited public microdata; few asset measures
Luxembourg Wealth Study; World Inequality Database	Cross-national	A, top-tail benchmarks	Harmonisation trade-offs; limited coverage of South Asia

Source: PBS (2022, 2025a, 2025b); National Statistical Office (2021); Southern Africa Labour and Development Research Unit (n.d.); Department of Statistics Malaysia (2023); Chancel et al. (2022). Coverage details should be confirmed in each survey's documentation before use.

Note. The table lists sources able to populate the position vector in Pakistan and the comparative cases. No single source covers all six components, so linkage or careful combination is necessary. Household surveys capture livelihood and employment well but measure wealth and top incomes poorly. Access conditions differ, and administrative records generally require formal agreements and confidentiality safeguards before any use.

7.6 Qualitative evidence

Survey measures cannot by themselves establish how relations operate. The design therefore includes qualitative components: life-history interviews with households in each provisional class, to examine how livelihoods are combined and how positions change; key-informant interviews with landholders, labour contractors, lenders and officials, to document the institutional rules governing access; and observation of local markets for land, labour and credit. Qualitative evidence serves three purposes: validating classification rules (do households classified as K6 describe the dependence the category implies?), identifying mechanisms (how is a debt relation converted into labour obligations?), and detecting categories the typology omits. No such interviews are reported in this paper; they are part of the proposed design.

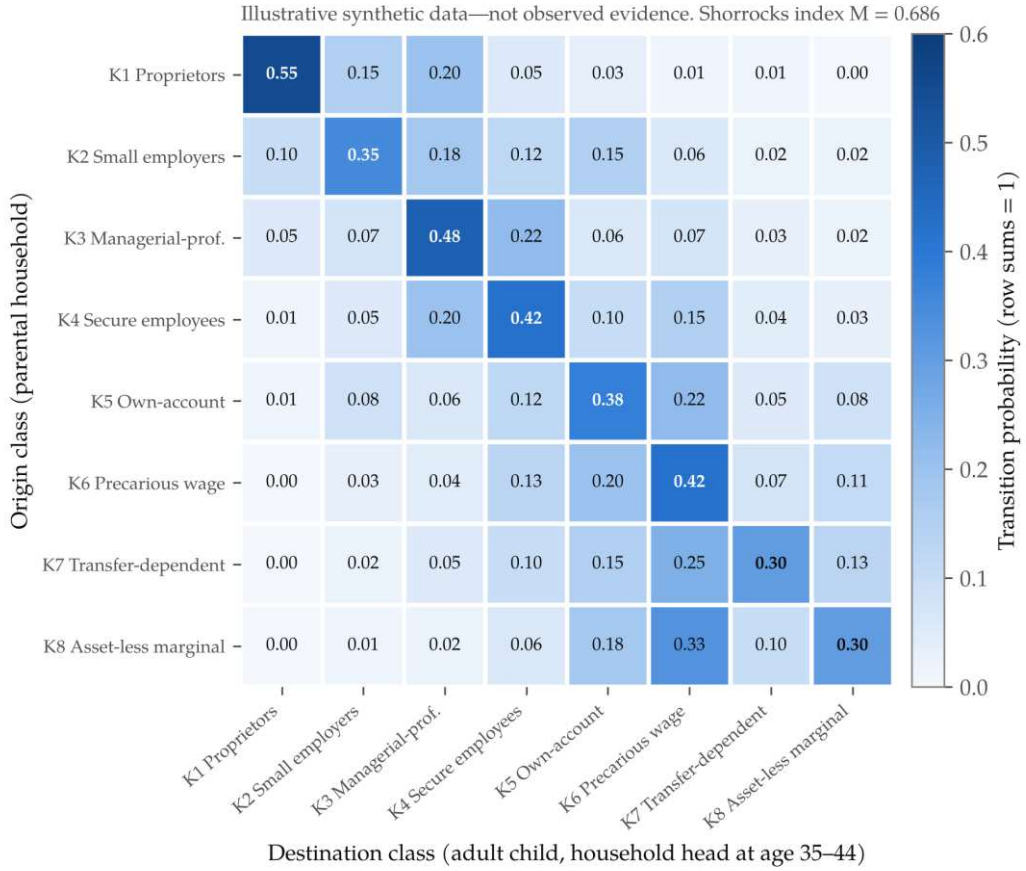
7.7 Mobility analysis

Durability (E3) is assessed with transition matrices. A matrix **P** records the probability p_{jk} that a unit originating in class j is found in class k at a later date,

within a life course or across generations. Persistence is indicated by the diagonal elements relative to the marginal distribution, and summary mobility can be expressed by the Shorrocks (1978) index, M = (n − trace **P**) / (n − 1), which equals zero under complete immobility and rises with mobility. Figure 6 shows an illustrative matrix using synthetic probabilities, with M = 0.686; the figure demonstrates the form of the analysis, not the degree of mobility in any society. Comparison of class-based and income-quintile-based matrices from the same panel would test hypothesis H3.

Figure 6

Illustrative intergenerational class transition matrix



Source: Illustrative synthetic data—not observed evidence. Matrix specified in Appendix D; Shorrocks index computed from the matrix.

Note. The matrix shows how class-based mobility would be reported, with origin classes in rows and destinations in columns. Diagonal cells measure persistence; the Shorrocks index summarises overall mobility in a single number. The probabilities are invented solely to demonstrate the analytical method, so neither the persistence pattern nor the index value describes Pakistan or any other society, past or present.

Mobility analysis should distinguish structural mobility, arising from changes in the size of classes, from exchange mobility. In Pakistan, the decline in the agricultural share of employment between 2020–21 and 2024–25 (PBS, 2025a) implies some

structural movement out of agricultural positions, which must be separated from changes in the relative chances of people from different origins.

8. Discussion and Policy Implications

8.1 What the framework adds to policy analysis

A relational framework changes policy analysis in three ways. It identifies *who* is affected by a policy in terms of their position, not only their income; it identifies *which relations* a policy alters; and it anticipates *how* advantaged positions may adapt to protect themselves.

Redistribution and taxation. Income taxes and transfers redistribute flows, but asset positions determine the capacity to generate future flows. A framework that separates A from income draws attention to the taxation of wealth, land and inheritance, and to the fact that households in K1 may have low measured incomes while controlling large assets. Policies that rely on reported income alone can misidentify both the advantaged and the disadvantaged.

Labour protections. The distinction between K4 and K6 is defined by contract formality and social-insurance coverage. Extending labour protections to informal wage workers changes their relation to employers and therefore their class position, rather than merely raising their incomes. Minimum-wage policies, by contrast, affect income levels within existing relations unless they are accompanied by enforcement and registration.

Land reform. Land reform is a direct intervention in A. In agrarian settings, transferring land or securing tenancy rights can move households from K6 or K8 to K5, with consequences for security and bargaining that income transfers of equivalent value may not reproduce. The limited effect of past land reforms in Pakistan (Zaidi, 2015) underlines the importance of enforcement and titling institutions.

Education. Education operates through B and I. Where education is segmented by language and fees, it can reproduce class positions; universal improvements in quality and access can reduce this effect. The framework predicts that education policy alone will not change class structure if the supply of secure positions does not expand.

Social protection. Social protection programmes such as Pakistan's Benazir Income Support Programme target households using proxy means tests based on observable characteristics. The framework suggests that such targeting will tend to capture K7

and K8 households but may miss K6 households whose incomes fluctuate around thresholds and who face high exposure to shocks. Contributory social insurance extended to informal workers addresses the S dimension directly.

Competition policy. Concentrated ownership of firms, licences and market infrastructure is part of A and I at the top of the distribution. Competition policy, transparent licensing and limits on regulatory capture reduce the capacity of K1 positions to convert asset control into political influence (Winters, 2011).

Political representation. If class positions differ systematically in access to legislators and administrators, formal electoral equality can coexist with unequal influence (Gilens & Page, 2014). Measuring I and testing whether it varies by K provides evidence on whether representation is class-biased, which identity-based measures of representation cannot reveal.

8.2 The risks of income thresholds and broad identity categories

Designing policy solely around income thresholds risks three errors. **Misclassification**: transitory income shocks move households across thresholds without changing their position. **Perverse incentives**: thresholds create cliff effects that discourage reporting or earning. **Neglect of assets**: households with low income but substantial assets can qualify for support, while asset-less households slightly above the threshold cannot.

Designing policy solely around broad identity categories risks a different set of errors. **Intra-group capture**: benefits flow to the better-off members of a disadvantaged group, as the Malaysian experience illustrates (Gomez & Jomo, 1997). **Exclusion of the poor in advantaged groups**: poor members of groups that are advantaged on average receive no support. **Entrenchment of categories**: identity-based allocation can strengthen the political salience of the categories it aims to make irrelevant.

8.3 Combining targeting, universalism and anti-discrimination

The framework suggests a three-part rule for policy design. **First**, where disadvantage is primarily relational and concentrated in identifiable positions (for example, informal wage workers or tenant cultivators), class-based targeting by position is appropriate, using indicators of A, L and R rather than income alone. **Second**, where needs are broad and targeting errors costly, universal services in health, basic education and social insurance are preferable; comparative research suggests that universal programmes can achieve greater redistribution than

narrowly targeted ones because they sustain broader political support (Korpi & Palme, 1998; Mkandawire, 2005). **Third**, where identity categories are paired with positions through discrimination, anti-discrimination measures that change institutional allocation rules are required, because neither class targeting nor universalism removes discrimination in hiring, lending or land markets.

Table 8 summarises policy implications for each relational category.

Table 8

Policy implications by relational economic position

Position	Core exposure	Priority policy levers	Risk if income-only targeting is used
K1 Proprietors	Low; concentration of assets and influence	Wealth, land and inheritance taxation; competition policy; lobbying transparency	Low reported income may mask large assets
K2 Small employers	Credit and market risk	Credit access; simplified registration; enforcement of labour standards for their employees	Firm and household finances conflated
K3 Managerial-professional	Debt; credential inflation	Progressive income tax; regulated professional entry	High earners with negative wealth misread
K4 Secure employees	Inflation; erosion of protections	Indexation; protection of pensions and contracts	Treated as uniformly secure
K5 Own-account producers	Price, weather and credit shocks	Crop and health insurance; secure tenure; market access	Seasonal income causes eligibility churning
K6 Precarious wage workers	Dismissal, wage theft, shocks	Extend contracts and social insurance; enforce minimum wages; unionisation rights	Incomes fluctuate around thresholds; missed
K7 Transfer-dependent	Benefit adequacy; remittance shocks	Indexed transfers; universal old-age pension	Generally captured; risk of dependency traps
K8 Asset-less marginal	Destitution; debt bondage	Debt-bondage enforcement; asset transfers; universal basic services	Undercounted if not in registries

Source: Author's analysis derived from the framework; policy evidence from Korpi and Palme (1998) and Mkandawire (2005).

Note. The table links each provisional class to its main exposure and to policy levers that change relations rather than only incomes. It shows that identical income thresholds would misidentify quite different positions in different ways. The entries are analytical implications, not evaluated results; effective design would require country-specific evidence on costs, administrative capacity and political feasibility in each national setting.

8.4 Social mobility, institutional reform and opportunity

The framework implies that social mobility should be assessed in two ways: by movement across relational positions (class mobility) and by movement within positions (income mobility). Policies that raise incomes within positions improve living standards but may leave class structure unchanged; policies that change asset distributions, contract forms or access to credentials change the structure itself. Institutional reform that reduces categorical allocation, such as titling programmes

that include women, extension of social insurance regardless of employer registration, and transparent public recruitment, lowers the height of class boundaries (M2) and weakens identity–class pairing (M3). These are testable claims; the framework provides the measurement apparatus to evaluate them.

9. Limitations

Conceptual contestability. The definition is one defensible option among several. Scholars working in a Bourdieusian or intersectional tradition may regard the exclusion of cultural capital and identity from the constitutive core as too narrow. The paper's justification is methodological: a narrower core permits tests of whether class explains cultural and identity-related outcomes. That justification does not settle the substantive disagreement.

Contextual variation. The typology was developed with informal, agrarian and plural economies in mind. It may require modification in economies with large public sectors, extensive platform work or very high asset-price inflation, where, for example, housing wealth could play a larger constitutive role.

Measurement constraints. No existing Pakistani dataset contains all six components for the same households. Wealth, debt and top incomes are especially poorly measured, and the K1 category is likely to be undercounted. Classification will therefore carry uncertainty that must be reported rather than suppressed.

Boundary ambiguity. Thresholds such as τ_A and the dominance share are judgement-based. Sensitivity analysis can show whether conclusions depend on them, but cannot make them non-arbitrary. The latent class extension reduces, but does not remove, this dependence.

Limits of causal inference. The propositions in Section 6 are stated as hypotheses. Testing them requires panel data and research designs that address selection into positions. Observational associations between class position and outcomes, however strong, do not on their own establish that positions cause outcomes. Natural experiments created by land reforms, labour-law changes or programme roll-outs offer the most credible routes.

Use of synthetic and secondary data. Figures 4 and 6 use synthetic data and demonstrate form only. Pakistani labour-market statistics cited in the text are taken from published summaries of official surveys and should be checked against the full PBS tables before they are used for estimation.

10. Conclusion

This paper asked what an economic class is. It argued that an economic class is a durable, institutionally constituted position within relations of asset control, livelihood dependence and employment authority, shared by many units and consequential for their life chances.

The paper establishes four things. First, it states explicit existence conditions under which claims about classes are justified: relational definition, recurrence, durability and consequentiality, with identity and organisation belonging to class formation rather than class position. Second, it shows that the principal traditions of class analysis can be reconciled to a significant degree once constitutive dimensions, causal mechanisms and indicators are distinguished, and it allocates eight candidate dimensions to these roles. Third, it shows how class interacts with identity in plural societies through four distinct relationships, of which only institutional pairing makes identity part of the constitution of class positions. Fourth, it translates the definition into a position vector, a transparent classification rule and a measurement design, and it explains why inequality indices such as the Gini coefficient cannot identify class relations or boundaries.

Several elements remain provisional. The eight-category typology, the priority ordering of asset control over authority over livelihood, and the thresholds used to operationalise them are proposals to be tested. The evaluation of the eight-band income framework suggests that it is most useful as a stratification axis crossed with relational categories, but this too requires empirical confirmation.

Future research can validate or revise the framework in four ways: by applying the classification rule to household survey and labour-force microdata, including HIES 2024–25, and assessing conditions E2–E4; by building panel or retrospective data to estimate class-based transition matrices and to test hypotheses H1 to H3; by comparing the framework with latent class and Goldthorpe-type schemas on predictive performance; and by combining survey analysis with qualitative study of how land, labour and credit relations operate in specific localities. If relational positions fail to add explanatory value beyond income and identity, the framework should be abandoned. If they succeed, class will have been shown to be not only a contested word but a measurable and consequential feature of plural societies.

Declarations

Funding: The author received no specific funding for this work.

Conflict of interest: The author declares that he has no conflict of interest.

Data availability: No new primary data were collected for this paper. Figures 4 and 6 are generated from synthetic data using the code in Appendix D, with a fixed random seed. Figure 3 reproduces published summary shares from the Pakistan Labour Force Survey 2024–25. Diagrams are generated from the specifications in Appendix D. The full replication package (text sources, Python code and Graphviz specifications) is available from the author on request.

Ethics approval: Not applicable; the study uses published aggregate statistics and synthetic data and involves no human participants.

Use of AI tools: An AI assistant (Claude, Anthropic) was used to support drafting, coding and language editing. The author reviewed and verified all content, analyses and references and takes full responsibility for the manuscript.

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Appendix A. Operational Definitions

Unit and reference period. The primary unit is the individual aged 15 and over, linked to a household record. The reference period for income and livelihood shares is the preceding twelve months; for employment status it is the survey reference week, supplemented by usual status over twelve months.

Median scaling. All monetary variables are converted to real values using a regional price index and divided by the median annual household income per adult equivalent in the reference population. Adult-equivalent scale: the square root of household size, with sensitivity checks using the modified OECD scale.

A: Asset control. a^{P} = value of agricultural land owned (operated or leased out) + business capital (equipment, stock, vehicles used commercially) + rental property + financial assets (deposits, securities, loans given) − debts secured on these assets. a^{H} = market value of owner-occupied dwelling − mortgage or housing debt. d = total outstanding liabilities, separated into productive, housing, consumption and distress (medical, funeral, emergency) debt.

L: Livelihood shares. l^{w} = wage and salary income (cash and in kind); l^{s} = net income from own-account farming and non-farm enterprises without hired workers; l^{p} = net profits from enterprises with hired workers; l^{r} = rent, interest and dividends; l^{t} = public transfers, pensions, zakat and other assistance, and domestic and international remittances. Negative enterprise income is set to zero for share calculation and recorded separately.

R: Employment and authority. Employment status (employer, own-account worker, employee, unpaid family worker, not employed); number of non-family employees; supervisory or managerial responsibility; occupation coded to the national classification of occupations; written contract; employer contribution to social insurance or pension; advance-based or debt-tied employment.

B: Bargaining power index. Standardised mean of: highest credential (ordinal); skill level of occupation (ISCO skill level 1–4); union or professional association membership; negative of the district unemployment rate.

S: Security index. Standardised mean of: negative coefficient of variation of income across waves or seasons; months of consumption covered by liquid assets (capped at 24); social-protection coverage (any of pension, health insurance, contributory social security); negative food-insecurity score where available.

I: Institutional access index. Standardised mean of: legal title to land or dwelling; bank account and formal loan in past three years; use of public health and education services; enrolment of children in private or elite schools; reported contact with elected or administrative officials.

Appendix B. Classification Rules

The rule κ(A, L, R) is applied in the following order. Parameters are shown with their default values and sensitivity ranges.

```
PARAMETERS
  tau_A      = 20   (sensitivity 10, 20, 40)   # productive assets, multiples of median income
  dom        = 0.5  (sensitivity 0.4, 0.5, 0.6) # livelihood dominance share
  debt_marg  = 1.0                             # net debt, years of median income


RULE (for each unit i at time t)
  1. if a_P >= tau_A or employees >= 10                -> K1 Proprietors and wealth-holders
  2. else if 1 <= employees <= 9                       -> K2 Small employers
  3. else if authority or tertiary professional        -> K3 Managerial-professional
  4. else if bonded/debt-tied labour, or (a_P <= 0 and
          no regular income and net debt > debt_marg)  -> K8 Asset-less marginal
  5. else find the leading income source s* and share m:
       s* = wages and formal contract                   -> K4 Secure employees
       s* = wages and no formal contract                -> K6 Precarious wage workers
       s* = self-employment                             -> K5 Own-account producers
       s* = transfers, pensions or remittances          -> K7 Transfer-dependent
       s* = profits, rents or interest (a_P < tau_A)    -> K2 (small proprietors)
     if m < dom, set MIXED = 1 and report in sensitivity analysis
  6. Household class: apply steps 1-5 to household totals for A and L and to the
     member with the highest authority for R; record individual and household codes.
  7. Probabilistic check: estimate a latent class model on indicators of A, L, R;
     report units with max posterior probability < 0.7 as boundary cases.
```

Existence tests. For each category k: (E2) population share and its confidence interval; (E3) diagonal transition probability compared with the marginal share of k in the destination distribution; (E4) difference in outcomes (consumption volatility, downward mobility, child schooling) between k and other categories, conditional on income level, age, sex, region and credentials.

Appendix C. Data Documentation

Pakistan HIES 2024–25. Conducted by the Pakistan Bureau of Statistics using tablet-based enumeration from September 2024 to June 2025, covering 32,814 households including Azad Jammu and Kashmir and Gilgit-Baltistan (PBS, 2025b). Provides household income by source, consumption and selected assets. Microdata access is by application to PBS. Limitations: partial asset and debt coverage; very high incomes and wealth under-represented.

Pakistan Labour Force Survey 2024–25 and 2020–21. The 37th and 36th rounds of a series begun in 1963. The 2020–21 round covered 99,904 households and was the first representative at district level (PBS, 2022). Provides employment status, occupation, sector, informality and wages. Limitations: cross-sectional; agricultural informality is

treated separately; summary statistics cited in this paper are from published press summaries and should be confirmed in the official tables.

Comparative sources. India: Periodic Labour Force Survey and All India Debt and Investment Survey 2019 (National Statistical Office, 2021). South Africa: National Income Dynamics Study panel, waves 1–5, 2008–2017 (Southern Africa Labour and Development Research Unit, n.d.), and the Quarterly Labour Force Survey. Malaysia: Household Income Survey 2022 (Department of Statistics Malaysia, 2023). Cross-national: Luxembourg Wealth Study and the World Inequality Database (Chancel et al., 2022).

Synthetic data. Figure 4 uses 600 simulated households drawn from log-normal distributions with group-specific parameters and a share of negative net wealth; Figure 6 uses an invented 8 × 8 transition matrix whose rows sum to one. Neither contains observed information.

Data used in Figure 3. All employed: agriculture 35.1%, formal non-agricultural 18.1%, informal non-agricultural 46.8%. Males: formal 20.0%, informal 54.2%, agriculture 25.8% (residual). Females: formal 12.0%, informal 23.6%, agriculture 64.4% (residual). With a male share of employment of 75.8%, the weighted residuals reproduce the all-employed agricultural share to within 0.1 percentage points, which provides an internal consistency check.

Appendix D. Reproducible Code

The code below reproduces the classification rule, the Gini example in Section 7.3, the Shorrocks index and Figures 3, 4 and 6. Diagrams (Figures 1, 2 and 5) are produced with Graphviz from specification files supplied with the replication materials. Requirements: Python 3.10+, NumPy and Matplotlib.

File: classify.py

```
"""Reference implementation of the classification rule kappa(A, L, R) and checks
used in the paper. Monetary values are multiples of median annual household
income per adult equivalent (regionally deflated)."""
from dataclasses import dataclass


TAU_A = 20.0        # asset threshold (sensitivity: 10, 20, 40)
DOMINANCE = 0.5     # livelihood dominance share (sensitivity: 0.4, 0.5, 0.6)
DEBT_MARGINAL = 1.0 # net debt threshold for K8, in years of median income


@dataclass
class Unit:
    a_p: float            # net productive and financial assets
    debt: float           # total liabilities
    l_w: float            # wage share of income (formal + informal)
    l_s: float            # self-employment share
    l_p: float            # profit share
    l_r: float            # rent and interest share
    l_t: float            # transfers, pensions and remittances share
    employees: int        # non-family employees
    authority: bool       # managerial/supervisory authority or tertiary professional
    formal_contract: bool # written contract and social insurance
```

```
    bonded: bool = False  # advance-based or debt-tied labour
    regular_income: bool = True


def classify(u: Unit, tau_a=TAU_A, dom=DOMINANCE):
    """Return (class, mixed_flag)."""
    shares = {"w": u.l_w, "s": u.l_s, "p": u.l_p + u.l_r, "t": u.l_t}
    assert abs(sum(shares.values()) - 1) < 1e-6 or not u.regular_income
    # Step 1: asset priority
    if u.a_p >= tau_a or u.employees >= 10:
        return "K1", False
    # Step 2: authority priority
    if 1 <= u.employees <= 9:
        return "K2", False
    if u.authority:
        return "K3", False
    # Marginality check
    net_debt = u.debt - u.a_p
    if u.bonded or (u.a_p <= 0 and not u.regular_income and net_debt > DEBT_MARGINAL):
        return "K8", False
    # Step 3: livelihood dominance
    lead = max(shares, key=shares.get)
    mixed = shares[lead] < dom
    if lead == "w":
        return ("K4" if u.formal_contract else "K6"), mixed
    if lead == "s":
        return "K5", mixed
    if lead == "t":
        return "K7", mixed
    return "K2", mixed  # small property income below tau_A treated with small proprietors


def gini(x):
    n, m = len(x), sum(x) / len(x)
    return sum(abs(a - b) for a in x for b in x) / (2 * n * n * m)


def shorrocks(P):
    n = len(P)
    return (n - sum(P[i][i] for i in range(n))) / (n - 1)


if __name__ == "__main__":
    # Section 7.3: identical Gini, different class relations
    print("Gini of (10,10,10,20,50):", round(gini([10, 10, 10, 20, 50]), 3))
    cases = {
        "wealthy employee": Unit(35, 2, 0.7, 0, 0.2, 0.1, 0, 0, True, True),
        "indebted professional": Unit(0, 3, 1, 0, 0, 0, 0, 0, True, True),
        "small farmer": Unit(4, 0.5, 0.1, 0.8, 0, 0, 0.1, 0, False, False),
        "casual labourer": Unit(0, 0.3, 0.9, 0, 0, 0, 0.1, 0, False, False),
        "pensioner": Unit(2, 0, 0, 0, 0, 0.2, 0.8, 0, False, False),
        "bonded kiln worker": Unit(0, 1.5, 1, 0, 0, 0, 0, 0, False, False, bonded=True),
        "mixed household": Unit(1, 0.2, 0.4, 0.35, 0, 0, 0.25, 0, False, False),
    }
    for k, u in cases.items():
        print(f"{k:24s}", classify(u))
```

File: figures.py

```
"""Reproducible figures for: What Is an Economic Class? (Muqeem).
Paper Figures 4 and 6 use ILLUSTRATIVE SYNTHETIC DATA (fixed seed); Figure 3 uses
published Pakistan LFS 2024-25 shares. Run: python3 figures.py <outdir>
"""
import sys, os
import numpy as np
import matplotlib
matplotlib.use("Agg")
import matplotlib.pyplot as plt
from matplotlib import font_manager as fm


OUT = sys.argv[1] if len(sys.argv) > 1 else "."
os.makedirs(OUT, exist_ok=True)


for f in ["texgyrepagella-regular.otf", "texgyrepagella-bold.otf", "texgyrepagella-italic.otf"]:
    p = "/usr/share/texmf/fonts/opentype/public/tex-gyre/" + f
    if os.path.exists(p):
        fm.fontManager.addfont(p)
plt.rcParams.update({
    "font.family": "TeX Gyre Pagella", "font.size": 10,
    "axes.edgecolor": "#8a8984", "axes.labelcolor": "#0b0b0b",
    "xtick.color": "#52514e", "ytick.color": "#52514e",
    "axes.spines.top": False, "axes.spines.right": False,
    "savefig.dpi": 300,
})
BLUE, ORANGE, AQUA = "#2a78d6", "#eb6834", "#1baf7a"
INK, INK2, GRID = "#0b0b0b", "#52514e", "#e4e3df"
```

```
# ---------------------------------------------------------------- Figure 4 (income-wealth)
rng = np.random.default_rng(20261117)
def group(n, mu_y, sd_y, mu_w, sd_w, neg_share=0.0):
    y = np.exp(rng.normal(mu_y, sd_y, n))            # income / median income
    w = np.exp(rng.normal(mu_w, sd_w, n))            # wealth / median income
    neg = rng.random(n) < neg_share
    w[neg] = -np.exp(rng.normal(-0.3, 0.6, neg.sum()))
    return y, w
wage_y, wage_w = group(330, 0.05, 0.55, 0.6, 1.0, neg_share=0.12)
own_y, own_w = group(200, -0.35, 0.6, 0.9, 1.1, neg_share=0.08)
prop_y, prop_w = group(70, 0.9, 0.8, 3.4, 0.9)


fig, ax = plt.subplots(figsize=(7.0, 5.2))
for (x, y, c, lab) in [(wage_y, wage_w, BLUE, "Wage/salary-dependent"),
                       (own_y, own_w, ORANGE, "Own-account / small-farm"),
                       (prop_y, prop_w, AQUA, "Property-income-dominant")]:
    ax.scatter(x, y, s=16, color=c, alpha=0.75, edgecolor="white", linewidth=0.6, label=lab,
zorder=3)
ax.set_xscale("log")
ax.set_yscale("symlog", linthresh=1)
ax.axvline(1, color=INK2, lw=0.8, ls="--", zorder=1)
ax.axhline(0, color=INK2, lw=0.8, zorder=1)
ax.axhline(20, color=INK2, lw=0.8, ls=":", zorder=1)
ax.text(0.105, 23, "Illustrative asset threshold $\\tau_A$ = 20 × median annual income", fontsize=8,
color=INK2)
ax.grid(True, color=GRID, lw=0.5, zorder=0)
ann = [((5.0, -4.0), "Indebted high earners\n(e.g., new professionals)"),
       ((0.22, 200), "Asset-rich, income-poor\n(e.g., landholding pensioners)"),
       ((0.2, -0.5), "Low income, negative\nwealth: debt-exposed"),
       ((5.5, 700), "High income and high wealth:\nproperty-dominant positions")]
for (xy, t) in ann:
    ax.text(xy[0], xy[1], t, fontsize=8, color=INK, ha="center", va="center",
            bbox=dict(boxstyle="round,pad=0.25", fc="white", ec=GRID, lw=0.6), zorder=5)
ax.set_xlabel("Annual household income (multiple of median household income, log scale)")
ax.set_ylabel("Net wealth (multiple of median annual income,\nsymmetric log scale; negative = net
debt)")
ax.set_title("Illustrative synthetic data—not observed evidence (n = 600 simulated households)",
             fontsize=9, color=INK2, loc="left")
ax.set_ylim(-15, 2000)
ax.set_yticks([-10, -1, 0, 1, 10, 100, 1000]); ax.set_yticklabels(["-10", "-1", "0", "1", "10",
"100", "1,000"])
ax.set_xticks([0.1, 0.3, 1, 3, 10]); ax.set_xticklabels(["0.1", "0.3", "1", "3", "10"])
ax.legend(loc="upper center", bbox_to_anchor=(0.5, -0.16), ncol=3, fontsize=7.5, frameon=False,
handletextpad=0.2, columnspacing=0.8)
fig.tight_layout()
fig.savefig(os.path.join(OUT, "fig4_income_wealth.png"))
plt.close(fig)


# ---------------------------------------------------------------- Figure 6 (mobility matrix)
classes = ["K1 Proprietors", "K2 Small employers", "K3 Managerial-prof.", "K4 Secure employees",
           "K5 Own-account", "K6 Precarious wage", "K7 Transfer-dependent", "K8 Asset-less
marginal"]
P = np.array([
    [0.55, 0.15, 0.20, 0.05, 0.03, 0.01, 0.01, 0.00],
    [0.10, 0.35, 0.18, 0.12, 0.15, 0.06, 0.02, 0.02],
    [0.05, 0.07, 0.48, 0.22, 0.06, 0.07, 0.03, 0.02],
    [0.01, 0.05, 0.20, 0.42, 0.10, 0.15, 0.04, 0.03],
    [0.01, 0.08, 0.06, 0.12, 0.38, 0.22, 0.05, 0.08],
    [0.00, 0.03, 0.04, 0.13, 0.20, 0.42, 0.07, 0.11],
    [0.00, 0.02, 0.05, 0.10, 0.15, 0.25, 0.30, 0.13],
    [0.00, 0.01, 0.02, 0.06, 0.18, 0.33, 0.10, 0.30]])
assert np.allclose(P.sum(axis=1), 1.0)
n = P.shape[0]
shorrocks = (n - np.trace(P)) / (n - 1)
fig, ax = plt.subplots(figsize=(7.0, 5.6))
from matplotlib.colors import LinearSegmentedColormap
cmap = LinearSegmentedColormap.from_list("blue", ["#f4f8fd", "#9cc3ef", "#2a78d6", "#0d3d7a"])
im = ax.imshow(P, cmap=cmap, vmin=0, vmax=0.6)
for i in range(n):
    for j in range(n):
        v = P[i, j]
        ax.text(j, i, f"{v:.2f}", ha="center", va="center", fontsize=8,
                color="white" if v > 0.33 else INK, fontweight="bold" if i == j else "normal")
ax.set_xticks(range(n)); ax.set_yticks(range(n))
ax.set_xticklabels(classes, rotation=40, ha="right", fontsize=8)
ax.set_yticklabels(classes, fontsize=8)
ax.set_xlabel("Destination class (adult child, household head at age 35–44)")
ax.set_ylabel("Origin class (parental household)")
for s in ax.spines.values(): s.set_visible(False)
ax.set_xticks(np.arange(-.5, n, 1), minor=True); ax.set_yticks(np.arange(-.5, n, 1), minor=True)
ax.grid(which="minor", color="white", lw=2); ax.tick_params(which="minor", length=0)
cb = fig.colorbar(im, ax=ax, fraction=0.04, pad=0.02); cb.set_label("Transition probability (row
sums = 1)")
ax.set_title(f"Illustrative synthetic data—not observed evidence. Shorrocks index M =
{shorrocks:.3f}",
             fontsize=9, color=INK2, loc="left")
fig.tight_layout()
fig.savefig(os.path.join(OUT, "fig6_mobility_matrix.png"))
```

```
plt.close(fig)
print("Shorrocks M =", round(shorrocks, 4), "diag mean =", round(np.trace(P) / n, 4))


# ------------------------------------------------------------------ Figure 3 (Pakistan LFS 2024-25)
groups = ["Female", "Male", "All employed"]
agri = np.array([64.4, 25.8, 35.1]); formal = np.array([12.0, 20.0, 18.1]); informal =
np.array([23.6, 54.2, 46.8])
fig, ax = plt.subplots(figsize=(7.0, 2.9))
left = np.zeros(3)
for vals, c, lab in [(agri, AQUA, "Agriculture"), (formal, BLUE, "Formal non-agricultural sector"),
                     (informal, ORANGE, "Informal non-agricultural sector")]:
    ax.barh(groups, vals, left=left, color=c, edgecolor="white", linewidth=2, label=lab, height=0.6)
    for k in range(3):
        ax.text(left[k] + vals[k] / 2, k, f"{vals[k]:.1f}%", ha="center", va="center", fontsize=8.5,
                color="white" if c != AQUA else INK)
    left += vals
ax.set_xlim(0, 100); ax.set_xlabel("Share of employed persons (%)")
ax.legend(loc="upper center", bbox_to_anchor=(0.5, -0.32), ncol=3, fontsize=8, frameon=False)
ax.grid(axis="x", color=GRID, lw=0.5); ax.set_axisbelow(True)
fig.tight_layout()
fig.savefig(os.path.join(OUT, "fig3_pakistan_lfs.png"))
plt.close(fig)
```

Expected console output of classify.py: Gini of (10,10,10,20,50) = 0.36; the wealthy employee is classified K1, the indebted professional K3, the small farmer K5, the casual labourer K6, the pensioner K7, the bonded kiln worker K8, and the mixed household K6 with the mixed flag set. Running figures.py prints a Shorrocks index of 0.6857 for the illustrative matrix.