1

THE DRAVIDIAN MODEL[1]

An Introduction

Subnational trajectories of development and sources of divergences increasingly constitute an important dimension of understanding the political economy of global development (Crouch and Streeck 1997; Storper 1997). The literature on subnational variations in the Global South, and institutional sources of their dynamism is, however, recent but expanding (World Bank 2009; Moncada and Snyder 2012; Giraudy, Moncada and Snyder 2019). Given that the fastest growing economies are primarily in the Global South, particularly Asia, an understanding of such processes in the Asian context becomes important at the current conjuncture. In fact, the Asian experience with 'catching up' and economic transformation has contributed substantially to the idea of the 'developmental state' (Evans and Heller 2018). While the Japanese experience highlighted a strong role for state action, recent successes of the East Asian newly industrialising economies (NIEs) reinforced the importance of the 'developmental state' as a conceptual category to understand what makes some countries improve their citizens' capabilities better than others.

Importantly, the relationship between capital accumulation, state and civil society in the Global South is seen to be distinct from the experience of Western capitalist economies. Chatterjee (2004) and Sanyal (2007) for example, have dealt at length with how governamental imperatives in postcolonial countries do not follow that of advanced capitalist economies even as they significantly shape the global capital accumulation dynamic. Chatterjee in his more recent work (2019) also points to the distinctiveness of politics in these regions, arguing that mobilisation in postcolonial democracies like India often draws upon reworked social identities forged through modern print cultures and governmental imperatives. Further, as Harriss-White (2003)

has established, capital accumulation tends to rely on social stratification and actually reinforces social hierarchies based on caste and gender identities. Piketty (2020), in fact, argues that status-based inequalities in such countries, for instance based on caste, not only persist but constitute important sources of inequality as they modernise. Mapping the links between accumulation, state acts, political mobilisation around identities and development trajectories in these regions therefore becomes important.

India and China have been two of the fastest growing economies in the world since the early 2000s, contributing substantially to global wealth creation, given the size of their economies (Bardhan 2008). Talking about China's achievements on the growth front, Evans and Heller (2018) reason that it is impossible to understand the Chinese state as a unitary one despite having a centralised apparatus. Rather, they convince us that it should be seen as a multi-tiered system with subnational state institutions responsible for the 'day to day business of China's development' (p. 6). They therefore call for a 'multi-level embedded autonomy'[2] approach to understand the nature of interactions between policy formulation at the national level and implementation at the subnational level. While nature of the bureaucracy and 'embedded autonomy' based explanations account for national-level trajectories in the context of north eastern Asian economies, regional dynamism, variations and their embeddedness are not adequately accounted for. This becomes particularly important in a phase marked by growing divergence between regions in China (Ho and Li 2008) and India (Ghosh 2012), and emergence of regional economic miracles such as Shenzhen (World Bank 2009).

The development experience of India, the fastest growing economy in recent years, is intriguing. Despite being home to a well-entrenched democracy and a robust bureaucracy, it fails to deliver comparable development outcomes (Evans and Heller 2015, 2018). Development parameters for parts of India are closer to sub-Saharan Africa and lower than other South Asian countries like Bangladesh and Sri Lanka. There are, however, regions in India, the development outcomes of which are comparable to that of many Asian economies. Tamil Nadu, the southern-most province in the country is one such region (Drèze and Sen 2013). Comparable in economic output to Vietnam and Laos PDR,[3] the state's human development parameters are better than most states in the country (*Tamil Nadu Human Development Report*, hereafter

TNHDR [Government of Tamil Nadu 2017]). The Indian State is a 'quasi-federal' one with subnational governments given primary responsibility for crucial sectors like agriculture and human development including health and education. Further, given that democratic institutions have a longer history, political regimes at the regional level and the factors enabling them are likely to shape outcomes more than in many other Asian regions. Since the early 1990s, the union government has also sought to rescale governance by devolving crucial resource mobilisation tasks to subnational governments (Kennedy 2014). This 'responsibilisation' of state governments has been accompanied by growing regional disparities (Kar and Sakthivel 2007; Ghosh 2012) and club convergence among the richer and poorer states.

India therefore offers an interesting site to understand the political economy of such subnational development. Our attempt is to address this issue taking the case of Tamil Nadu in southern India, a state that has been noted for its ability to combine relatively high levels of economic growth with human development, particularly in the domains of education and healthcare (Drèze and Sen 2013; Harriss and Wyatt 2019). Arora (2009) classifies the Indian states in line with the stages of development proposed by Rostow (1959), and points out that states like Kerala, Tamil Nadu and Maharashtra have crossed the take-off stage and have entered the maturity phase. He also cites Kochhar et al. (2006) to argue that some of the states including Tamil Nadu resemble developed countries in the way they have diversified the sources of their growth. To quote Kochhar et al.,

> With the caveat that Indian states are enormously large entities and are internally very diverse, it would appear that the fast growing peninsular states are starting to resemble more developed countries in their specialization, while the slow growing hinterland states, with still rapidly growing, less well-educated, populations … may not have the capability to emulate them. (2006: p. 25)

In per capita incomes too they rank much higher than most states in the country. Understanding the sources of the distinctiveness of development trajectories, particularly in a context where states are embedded in a common macro-economic regime, is therefore central to tracking subnational variations.

This book contributes to the growing literature on how regional institutions and political regimes shape global development trajectories by mapping the politics and processes influencing the emergence of Tamil Nadu's fairly unique development path. Not only has the state revealed significant economic dynamism and structural transformation as mentioned above, the state also has better parameters of human development compared to similar economically dynamic states like Maharashtra and Gujarat (Kalaiyarasan 2014; Government of Tamil Nadu 2017). It has been a pioneer in forging a social welfare model based on providing entitlements outside the domain of employment that has since been adopted elsewhere (Vijayabaskar 2017; Kalaiyarasan 2020). Importantly, the state is also known for a distinct mode of political mobilisation that privileged caste-based inequalities over asset-based ones. We therefore ask, how does mobilisation against status-based inequalities transform developmental outcomes? We contend that while a distinct set of processes rooted in regional political mobilisation against caste hierarchies played an important role in the development outcomes in the state, the processes underway at the regional level are also shot through with national and global processes of development and capital accumulation. We therefore adopt a multi-level approach to subnational analysis, and demonstrate how national and supranational factors have also shaped this process. Before moving on to empirically establish a case for a study of the sources of Tamil Nadu's development outcomes, we highlight the set of policy processes that shaped subnational trajectories in India in the post-reform period. To do that, we engage with the emerging literature on regional institutions and regional development processes and how they contribute to shaping global development.

SIGNIFICANCE OF THE SUBNATIONAL SCALE

There are three analytically distinct but interrelated processes that make the subnational scale significant globally. One concerns shifts in economic processes and accumulation dynamics, while the second is rooted in the political imperative to govern the process of growth and the outcome of state action at the national level. Third, as Chatterjee (2019) and Giraudy,

Moncada and Snyder (2019) point out, it is important to understand political mobilisation at subnational scales as they not only shape larger developmental outcomes but are also critical to recover alternate political imaginaries beyond the level of the nation-state. Since the 1990s, the 'region' has re-emerged as a focus of industrial dynamism through innovation processes in the Global North (Krugman 1991; Storper 1997; Malmberg and Maskell 2002). Within mainstream economics, the emergence of the regional has been understood primarily through the new economic geography literature pioneered by Krugman. Economies of agglomeration allow for learning and technological dynamism that lead to concentration of economic activity rather than an evening out of spatial inequalities. This reasoning also has its antecedence within the broad domain of economic geography that has consistently highlighted the persistence of differences across regions, even in a dynamic sense. Starting with Marshall's observations on the tendency of economic activity to agglomerate in specific locales in late 19th-century England, going on to structuralist explanations for persistence of global divisions of labour and on to new economic geography that highlights the importance of learning and its positive spillovers within local geographies, there is overwhelming evidence that economic activity does not tend to develop in homogeneous space or lead to equalisation of returns across space (Harvey 2005; World Bank 2009). As a result, globalisation may undermine the efficacy of several national policy instruments, and proceed through regional integration across borders, drawing upon regional and local institutions to sustain accumulation (Hay 2000). Given the variations in institutional capacity across regions, globalisation is therefore likely to accentuate regional divergence within nation-states. Regional institutions are, however, dynamic entities, and are as much shaped by interactions with national and supranational institutions and economic impulses as they shape the process of globalisation (Coe et al. 2004). The observation that regional institutions are likely to be critical to the shaping of the process of globalisation therefore opens up our attention to the agency of subnational governments[4] and subnational politics in not only responding to globalisation but also in shaping its contours.

The next source of significance of the region or the subnational scale is one of governance. Amidst a perceived shift in the accumulation regime from Fordist to post-Fordist and the regulatory regime from Keynesian to

neo-liberal, national governments have initiated a process of state rescaling, allowing greater agency for subnational governments to design and implement policies (Jessop, Brenner and Jones 2008; Kennedy 2014), even as pro-market reforms allow for a greater agency to the global capital accumulation dynamic to shape policies. Keating (2013) for example maps the emerging salience of the 'meso' region in the European Union (EU). Similarly, Lobao, Martin and Rodriguez-Pose (2009) point out how implementation of pro-market reforms and integration with global markets have been often accompanied by national governments devolving more responsibilities to regional and local governments. Regional governments, therefore, have strong incentives to engage in institutional learning and innovation. They are forced to assume the role of 'institutional entrepreneurs' with the aim of promoting regional development, particularly in the context of transition economies (Spencer, Murtha and Lenway 2005).

Further, as Snyder (2001) points out, the approach allows one to move away from giving primary agency to national-level actors, to subnational actors and regimes that have shaped national-level indicators. Importantly, such subnational variations are becoming more visible during a period when older dichotomies between the core and periphery postulated by structuralist geographers are less rigid. Though income inequalities between countries have come down marginally, subnational differences in income, that is, differences across regions within countries have increased globally (Garretsen et al. 2013), pointing to the importance of regional or subnational political regimes and institutions in taking advantage of the new spaces of accumulation. This therefore brings to the forefront, the importance of understanding how subnational politics shapes policy-making at that scale. Jeffery et al. (2014) show how, despite a unitary policy framework, there are growing regional differences in policy outcomes within Germany because of the agency of regional electorates. Fitjar (2010) maps the emergence of regional identities across western Europe, often more pronounced in regions where a different regional language is spoken or located further away from the country's capital.

We, however, know much less about the interactions between processes of development and regional political regimes in the context of the Global

South. There are, however, a few studies that emphasise subnational variations in such countries (Moncada and Snyder 2012; Giraudy, Moncada and Snyder 2019). Eaton (2004) acknowledges the growing salience of subnational actors across the Global South, from Russia and China to India and South Africa, particularly since the 1990s, when several of these countries began to economically integrate with global markets and adopted similar macro-economic policies to facilitate such integration. Efforts to rescale by central governments in these countries imply that subnational actors and political regimes are crucial to outcomes of globalisation. Huang (2015) illustrates this by showing how a combination of subnational policy choices, incentives for political actors and interactions with the national-level policy framework produce variations with regard to the extent of coverage under social health insurance programmes in China. Though there are similar studies on subnational divergence in economic trajectories,[5] there is less literature on political processes at the subnational level. Regional dynamism or otherwise is also accompanied by questions of regional politics around redistribution and welfare. In addition to growth, differences in the ability of regions to provide for social welfare and the sources of such differences are critical to our understanding of variations in subnational development. With the growing recognition of the role of human capital in sustaining growth dynamism, and the re-orientation of development as one aimed at expanding human capabilities (D'Costa and Chakraborty 2019), visibility of politics and policies around investments in human development and social welfare at the subnational level has increased. Since the initiation of economic reforms in the early 1990s, India too has witnessed divergence in terms of both economic growth and human development across states.

POLICY REFORMS AND REGIONAL DIVERGENCE IN INDIA

The Indian economy has experienced one of the fastest growth rates in the world for nearly 15 years, a period during which the state has sought to, and succeeded to an extent, in implementing a set of reforms that can be labelled

'pro-business' (Kohli 2012).[6] This is also a phase when several measures were undertaken to integrate its product and factor markets with the global market, and also devolve more responsibilities to subnational governments. Market-oriented economic reforms were accompanied by the downscaling of resource mobilisation responsibilities to state governments (Kennedy 2014). Until then, the union government had played a key role in mobilising resources for investment and in locating economic activity. Since the 1990s, the union government shifted the onus of resource mobilisation considerably to state governments which were encouraged to attract private investments through various incentives. In fact, as Jain and Maini (2017) point out, subnational governments in India have even begun to shape the nature of foreign relations through their autonomous engagement with other countries for investments and trade. Even as regional governments positioned themselves as active agents shaping growth and private investments, their ability to chart autonomous paths of development is likely to be varied (Jenkins 2004).

This is a period that was also characterised by divergences in regional growth performance (Kar and Sakthivel 2007; Ghosh 2012). The western and southern regions have grown at a much faster rate compared to the rest of the country. This divergence and the emergence of a set of fast-growing states opened up a discursive narrative about the ideal subnational model state to emulate. In post-reform India, it has become commonplace in popular debates to pit one state vis-à-vis another as the appropriate model. If it was Chandrababu Naidu's undivided Andhra Pradesh in the late 1990s (Mooij 2003), it was the Gujarat model in the 2000s, which has, however, been contested (Nagaraj and Pandey 2013; Kalaiyarasan 2014). Such debates also speak to larger debates on the direction of economic development by scholars such as Drèze and Sen (2013) and Bhagwati and Panagariya (2013). The Bhagwati–Sen debate epitomises the differences in developmental priorities at the subnational level. While Bhagwati's proposition makes a case for a trickle-down approach where growth will translate into development as it provides resources for human development, Drèze and Sen make a case for a capability-centred developmental path where investments in human capabilities should be prioritised, which can then translate into economic development. According to them, this path is likely to be more inclusive. Both positions draw empirical support from the experiences of subnational regions.

While Bhagwati and Panagariya (2013) base their arguments on the Gujarat model of rapid economic growth driven by a pro-capital growth policy, Drèze and Sen (2013) draw upon the cases of Kerala and Tamil Nadu to point out how public investments in health and education have led to a more inclusive development trajectory.

Rather than seek models for emulation, scholars also argue that in the post-reform era, regional political regimes critically shape policies of distribution and welfare (Harriss 1999). Using a classificatory scheme drawn from an earlier study, Harriss differentiates political regimes based on the source of political power that ruling parties draw from, and the extent of their stability. He contends that these two factors shape the distributivist policies of subnational governments. Based on this scheme, he classifies Tamil Nadu, Kerala and West Bengal as three states where political power has been drawn from lower-caste and lower-class mobilisation over a long period. This political base, he points out, may explain the emergence of more proactive welfare regimes compared to other states where substantial political power has been drawn more from upper castes and upper classes. However, as Singh (2015) points out, mere sourcing of power from lower castes alone does not adequately explain outcomes. West Bengal, for example, reveals poor human development indicators despite having a regime drawn from the lower classes (Kalaiyarasan 2017b). Moreover, as Witsoe (2013) argues based on his study of Bihar, political regimes that draw their power from lower castes need not necessarily generate human development. Further, it is still not clear whether such differences in political regimes can shape the trajectory of economic growth. It is also for this reason that Kohli (2012) is not able to clearly slot the developmental path of Tamil Nadu within his typology of states. As we argue in the next chapter, it is the distinctive way that power and social justice were conceptualised by populist Dravidian[7] mobilisation in the state that may explain its developmental trajectory.

Subnational trajectories of development and divergences thus constitute an important axis to understand the political economy of Indian development. Importantly, given the size of India's economy, and the fact that it is the fastest growing economy globally, it is imperative to recognise the institutional embedding of one of its most progressive subnational regions as it negotiates national rules and institutions and global market impulses to forge a

developmental path. The book therefore contributes to the growing literature on the dynamics of subnational development by mapping the politics and processes that enabled better development outcomes in Tamil Nadu. In the next section, we critically review the existing accounts of the state's development experience.

CURRENT EXPLANATIONS

Most literature on the state's developmental experience deals with the impulses and implications of its welfarist or populist politics. Though their primary focus was on the mobilisational strategies of the Dravidian movement, Narendra Subramanian (1999) and Arun Swamy (1998) attribute the state's welfare interventions to competitive populism in the domain of polity. They identify two strands of populism. One, assertive or empowerment populism, that involved mobilisation based on the Tamil-Dravidian identity, appealed to the intermediate castes, and was characterised by initiation of affirmative action policies that led to a degree of access to higher education and modern jobs among the better off sections among these castes. They also identify a paternalist or protection populist strand in policy-making, aimed at actors or classes (lower castes) that failed to benefit from assertive populist measures. This involved launch of several welfare programmes that are now considered typical of the state's developmental trajectory. Both studies identify the limits of such moves in delivering inclusive development by pointing to the inability of the state to engage substantively with land reforms, and also suggest that the Dravidian movement was biased towards the propertied intermediate castes. While we question this reading at length in the next chapter, neither of them recognise the possibility that interactions between the domain of social welfare policies and the domain of economic incentive structures may shape the trajectory of economic development. There is therefore little engagement with the process of human capital formation or capital accumulation and labour outcomes. Further, given the timing of their studies, they do not account for the state's ability to sustain a relatively more inclusive development path in the post-reform period, characterised by not only registering above average growth rates but