

**Fueling Economic Growth Through Democratic Participation:  
Three Lessons from Kerala, India**  
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by [Richard W. Franke](#): 10 August 2001  
Professor of Anthropology, Montclair State University

Fueling economic growth. Three little words with lots of conceptual, empirical, and ethical issues surrounding them. In this talk I propose to note a few of the most important issues, then to describe for you what I believe are three significant and thought-provoking experiments in fueling economic growth. 1) a set of quality of life achievements known as the Kerala Model of Development, 2) within that model, a democratic worker-owned industrial cooperative called Kerala Dinesh Beedi; and 3) a statewide campaign for decentralization that is using democratic participation as a principal fuel for economic growth.

**Lesson 1: Development With Limited Growth—The Kerala Model**

The possibility of achieving high material quality of life indicators at low levels of GDP and low levels of economic growth is demonstrated by the Indian state of Kerala. Now well known to development specialists, Kerala has an area approximately equal to Switzerland's and a population about the size of Canada's at 31 million. (Canada's population of 31 million on 9.97 million sq kms of land means a density of 3 persons per sq km. Switzerland's population of 7 million on 41,000 sq kms gives 180 persons per sq km. Kerala's population of 31 million on 39,000 sq km in 2000 means a density of 795 persons per sq km (Calculated from World Bank 2001:274-75).

The great interest in Kerala derives from its quality of life statistics. With a 1997 per capita income of \$324, Kerala had a literacy rate of 91% versus 65% for all-India. Kerala's life expectancy was 67 for males and 72 for females, versus 62 and 63 for all-India, and Kerala's infant mortality rate was 13 per thousand, compared with 65 for all-India. The Indian birth rate of 29 per thousand women of child-bearing age contrasts with 18 in Kerala. Similar figures to India's obtain for developing countries generally, but Kerala's statistics are closer to those of the US except for the income figure which for the US in 1997 was \$28,740. I use the year 1997 because it is the most recent year for which all the various figures are available. Even when Kerala's figures are corrected with what economists call *Purchasing Power Parity* to reflect more accurately the buying power at local prices, the average Keralite lives on the equivalent of US\$1,371, lower than the all-India PPP-adjusted figure of \$1,650. (The Kerala figure also includes an adjustment for the overseas remittances of workers in the Middle East Gulf States.) How did Kerala achieve such high quality of life indicators with such low income levels? Part of the answer is redistribution: in Kerala education, health, and access to food are all more evenly distributed than in the rest of India. The existing growth more efficiently distributes its rewards to the population. But how did this happen? Part of the answer is in what Amartya Sen and Jean Drèze call "public action," an economist's euphemism, perhaps, for the radical movements of peasants, workers, and students that have characterized the Kerala scene now for about a century. These radical movements have

generated a high level of citizen activism and participation that shows up in all kinds of indicators. Voter turnout in Kerala averages 75%, 15% above the average for the 16 major states of India. A 1996 survey showed that 45% of Keralites think elected officials care what ordinary people think, 41% think elections make a difference in government actions, 54% trust state government, 58% trust local government, and 20% express "a great deal of interest" in politics. These figures are all far above the 16-state average and place Kerala in the first or second rank in all cases (Serra 2001:695-96).

Community participation and community service are also highest in Kerala. The state ranks first in membership in credit associations per 1,000 persons, highest in the degree of political competition, and lowest on an index made up of rape and murder rates. Kerala also displayed the lowest perceptions of corruption, far below other states (Mayer 2001:689). About one-third of Kerala's people belong to politically active organizations such as peasant leagues, trade unions, and student groups. Keralites read more books and more newspapers per capita than people in any other state in India (Abraham 1996; Jeffrey 1993a and 1993b). They also write letters to the editor and letters to government agencies demanding better services, and they frequently gather at government offices in public protest if their letters are not acted on. Every one of Kerala's 990 villages has a library with hundreds of books; many villages have branch libraries called reading rooms to which sports clubs, theater groups, and arts clubs are attached.

Volunteerism and participation characterize social and political life in Kerala to a high degree. It is this vibrant civil society and the sense of optimism and community commitment that lie at the base of Kerala's high material quality of life indicators. One of the most significant voluntary associations is the Kerala People's Science Movement, or KSSP. Founded in 1957 by a group of scientists who wanted to translate major scientific texts into Malayalam, the language of Kerala, the KSSP evolved into a mass movement with over 40,000 activists who work to popularize scientific thinking in villages through street theater and roving book fairs, and who have become Kerala's main environmental pressure group. In 1989 the KSSP mobilized 350,000 college and high school students for a highly successful "Total Literacy Campaign" that brought reading and math skills to many of the state's illiterates and that won UNESCO's literacy prize in 1991 (Thomas Isaac, Franke, and Parameswaran 1997). In 1996 KSSP received the "Right Livelihood Award" from the Swedish parliament, a prize often called the "alternative Nobel prize." Through political struggle and continuing community activism, Kerala's people have built and sustained a system of public services and protections that parallel the welfare and workers' rights gains in the developed world.

So how did Kerala become such a hotbed of activism? Why did its civil society thrive while in many parts of India and the rest of the developing world this crucial element of development languishes? Little has yet been written that explains the historical roots of Kerala's unusual trajectory. Here is a great Ph. D. thesis waiting to be written.

For our purposes, what is more important is that Kerala offers lessons to other states of India and to other societies about the uses of public action to get the greatest efficiency in quality of life out of the lowest growth. It amounts to a kind of fuel efficiency.

But efficiently using the current growth is still only one of the needs to produce a higher quality of life. At least in the developing countries, additional growth itself is needed and, as noted earlier, the fuels made available so far have not been consistently successful in providing it. Here Kerala has two more lessons to offer.

## **Lesson 2: Kerala Dinesh Beedi: A Successful Cooperative**

On a quiet, tree-lined lane in a former princely palace in one of Kerala's northern cities, Kannur (sometimes called Cannanore), are found the headquarters of Kerala Dinesh Beedi, one of India's largest corporations. Even at the HQ, you sense something is different about this company. The CEO sits in a rather small, unimpressive office and often answers his own phone. There is no company limo; he rides around in a company van shared by all the members of the Board of Directors and by much of the technical staff. Except for the Chairman and one government-appointed member, the Board members do not speak English; the five elected Board members who control the votes to run the company are themselves former workers with 15-20 years experience, elected by their fellow workers to manage KDB. They sit at the top of possibly the world's largest and most successful worker-owned and managed company, yet their own incomes from the company average only about 13% higher than those of the shop floor workers who elect them. Having risen out of the manual workforce themselves, the director board members do not have the technical skills necessary for certain tasks. But even those they hire for special positions do not earn more than six times the salaries of those on the shop floor.

KDB is owned and managed by its 46,000 workers and retirees. To work at the company, the new hire must purchase at least one share and may not purchase more than twenty. To purchase even one share you must become a worker. Only workers can own this company and only they can decide who manages it.

KDB is organized in a way that provides a possible model for 3<sup>rd</sup> world industrial cooperatives. Twenty-two production cooperatives are semi-autonomous units, each with its own worker-elected director board. They run in membership of active workers from 340 to 3,116. The local cooperatives are further divided into 326 small work centers in the towns and villages of northern Kerala where between 70 and 123 workers are engaged. The average distance to work is 5.3 km (3.3 miles). Only 2.2% of the work force is staff. The 22 production units are federated into a central cooperative, also owned by the workers, that handles raw materials purchase, product marketing, and overall financial management. Each local cooperative elects a representative to a board of the central cooperative and this 22-member board has final say over the decisions of the five director board members who manage the day-to-day operations of the company.

Why am I telling you about this unusual business setup? One reason is that it provides the best pay and benefits to its workers for all comparable companies in India. KDB workers receive much higher salaries, but they also get pensions, paid holidays, death benefits, and maternity leave benefits unparalleled in India. In 1995 benefits added 34% to the value of the wages, a figure that compares favorably with advanced industrial countries

such as the US where about 25% of wages are added on as benefits in unionized workplaces. KDB's workers have elected managers who represent their interests quite well. But there is another reason to tell you about KDB: this company with 736 billion rupees in sales in 1995 (about \$yyy) and a net profit of 4.1 billion rupees (\$zzz) has been owned by its workers since 1969. The story of how the workers came to own it is quite dramatic and is told in detail in the book from which I am taking this information and which I co-authored with two Kerala colleagues. Since 1969, KDB has made a profit every year except four. The accumulated assets of the company run into billions of rupees and the pension fund is sound. KDB shows that it is possible for a business to be locally owned by its own workers, to stay in business for three decades, to pay good wages and benefits, to make a profit, and to run itself democratically. And one more point: KDB sees its purpose as contributing to the local economy by generating employment and by its workers having money to spend to support local businesses. KDB does not look to move away seeking cheaper labor. Its directors have shown skill and resilience in balancing worker demands for higher pay and benefits with the need to maintain investment funds, and it survives in a highly competitive atmosphere. KDB does not exist primarily to make a profit to distribute to its shareholders; it tries to make a profit in order to play a beneficial role in the local community by generating employment to low and medium skilled workers.

KDB has been a corporate engine of economic growth. From 1969 to 1995 KDB grew from 3,000 to 32,000 active workers and sales increased by a factor of 700. Of course, the fuel for this engine consists in part of the raw materials of its products. Worker skill makes up another part of the fuel and so does the efficient and opulence-avoiding management. But the democratic activism of KDB's workers is a form of fuel as well and the cooperative's role in the local economy derives from the close association between its workers and the communities in which they live. KDB illustrates a way of fueling economic growth that sustains local economies and therefore keeps the fuel around for future growth. And yes, in case you are wondering, the workers do work really hard for 8 hours a day.

Now I must introduce a complication. Maybe you have been wondering what these workers make. The beedi in Kerala Dinesh Beedi refers to a kind of cigarette, tobacco rolled in a special leaf rather than in paper and about half the size of the cigarettes we know in the US. The manufacture of these beedis in Kannur has to do with the historical development of tobacco production in India, a long and complex topic that deserves its own study. But what is important for our purposes is that the workers who founded the cooperative in 1969 were highly skilled in beedi production and their skills were essential in the cooperative's survival. But workers who produce a product harmful to other workers and to the public in general cannot ultimately be a positive model. Kerala Dinesh Beedi needs to become a different kind of company and that is exactly what it is doing.

In 1996 KDB launched a program for diversification out of tobacco. The decision was made democratically by the workers after local meetings and seminars at all the production centers. The diversification program includes a provision that no worker will be laid off and that retooling to new products would be voluntary. A goal was set to

transfer 25% of the workforce within 10 years from tobacco to other products. By January of 2000 substantial progress had been made. The corporate HQ had turned its second floor into a lab where chemists and food safety experts train workers to manufacture and package curry powder, jam, marmalades, Indian style pickles (achar), coconut sauce, and a cashew juice—it tastes like a smooth and slightly smoky apple juice with a little less acidity. All the raw materials are available locally as is the market for the products; of 98 company sales agents 30 now offer the food products to Kannur District consumers whose demand cannot yet be met by the new products. At a nearby primary cooperative the first 234 workers now produce processed foods full time while plans are to offer one food unit to each of the other 21 coops so all workers will have roughly equal access to the new direction the company is taking. Wages for workers at Kerala Dinesh Foods, the company's first non-tobacco, units equal those of the beedi workers. This occurs even though the food workers produce less surplus value to the company, and thus the transition out of tobacco eats into the coop's reserves. But they maintain a 5% profit margin, below the competition that pulls in 15-20%. Since they do not compete for investors in a stock market—their only investors are their employees—they might be able to stay in business at that rate. The high quality of their products and the solidarity from union households and progressive sympathizers in the community give Kerala Dinesh Foods marketing advantages other companies cannot easily undermine.

But where did KDB get its initial and continuing capital? If the workers own the business and they elect boards of directors made up mostly of shop floor workers, won't they pay themselves wages and benefits that will put them out of business? Several theorists of cooperatives have warned against this danger (see Thomas Isaac, Franke, and Raghavan 1998:86-88 and 205). In fact, KDB was born with government support and the workers might have just paid themselves out of their original capital, thereby destroying their own long-term hopes. Would it surprise us if poor people took what they could get right away instead of creating a grand structure for future academics to lecture about?

But KDB's worker-managers chose an altogether different path. True, they began paying out the high wages and benefits and attempted to hire as many workers as quickly as possible. But they also innovated a device that helps keep the cooperative afloat and has become an inspiration and a lesson for other Kerala cooperatives I am going to tell you about in a moment. This device is the "thrift fund." You will recall that each worker hired by KDB must purchase at least one share at a price of Rs 20. This hardly puts any investment funds into the coop. But in addition, 5% of each worker's wages are withheld and placed in the thrift fund. The thrift fund is separate from the pension fund and all other funds that eventually benefit the worker. It is available for no-interest loans to the worker at any time and is automatically repaid by further deductions spread over a fairly long period. The worker or his/her beneficiary also receives the entire value of the fund as a lump sum payment—without interest—on retirement or death. In effect the worker lends 5% of her/his wages to the company throughout his/her working life. The overall benefits to the worker are highly favorable; the company receives an investment fund that undergirds its other sources of capital such as the previous year's profits, interest on funds held in suspense accounts, and returns on other assets held. For KDB the thrift fund

has been able to supply about 25% of the working capital and on several occasions has saved the coop from having to borrow from high-interest sources.

The thrift fund is the worker's investment in her or his own democratically owned and managed company. And yes, the thrift fund is subject to revision by the worker-elected board of directors at any time.

### **Lesson 3: Fueling Economic Growth Statewide— The Kerala People's Campaign for Democratic Decentralization**

Can we go beyond the particular companies called Kerala Dinesh Beedi and Kerala Dinesh Foods to create similar cooperatives in other sectors of the economy? Can we go beyond the earlier Kerala Model of public action to generate a high material quality of life through redistribution by adding to that model a mechanism for an egalitarian strategy for growth? And if we wanted to do that, what would be the fuel?

Younger activists in Kerala's numerous left movements had been thinking about this issue for several years. They recognized and valued the idealism and sacrifice of older activists who had fought for land reforms, higher wages and benefits, and the establishment of a network of fair price shops to subsidize the cost of food for the poor. They themselves had sometimes been in jail or had suffered physical attack for their support for such movements. But by the 1980s they had come to realize two important facts about the world. First, they saw that non-violent democratic political action offered greater possibilities for genuine change than did armed insurrection. It was not Mao's long march of an army but rather Gramsci's long march through the institutions that came to inspire their thinking. And secondly, they came to believe that the traditional activism of the left could not remain limited to land reform, wages, working conditions, and overcoming caste discrimination even though much remained to be achieved in these areas. But they began to see the importance of women's equality, environmental protection, and the need for expanding democracy and building community as goals for Kerala's historically developed activist movements. Along with their traditional admiration for the Soviet Union, China, and Cuba, they began to look to Italy, England, and the US women's and environmental movements for inspiration. And of course they continued to critically examine their own experiences. Along with the new orientation came a realization that their organizations of struggle would have to become less mechanical and more democratic and participatory. Why did they arrive at this historically significant breakthrough? Here is another great dissertation waiting to be written. I can only tell you at this time that the US movements of the 1960s had a profound effect on their thinking. And the evolution of the Italian Communists with their emphasis on cooperatives and local government accountability struck strong chords in Kerala. The collapse of the Soviet Union in turn weakened the position of the old line left forces and created an opening for the younger activists who were reading green and feminist literature. And looming behind all these intellectual developments was Mahatma Gandhi, whose teachings on village self-sufficiency, exemplary simple life styles, and economic growth as a means to benefit the most needy have continued to inspire each new generation of activists in Kerala.

In Kerala in 1996 the Left Democratic Front, made up of several left parties, won the elections to the state assembly and formed a ministry that held power until May of 2001. This ministry, within which many of the new activists held middle and a few top positions, initiated a mass movement called the People's Campaign for Democratic Decentralization. The Campaign involved a wide range of activities. It mobilized over 2 million of Kerala's 31 million people to attend meetings, argue about the problems in their communities, gather local data, elect representatives to draft development projects, and implement and monitor the projects annually over 5 years. The state government allocated 35% of the development budget directly to the local communities with few restrictions to create and implement their own development plans. Both in terms of its scale of devolution, and in terms of the training and participation, Kerala's decentralization campaign of 1996-2001 has probably been the largest and most democratic in the world. In terms of the evolution of political thinking among activists, it is a giant testimony to the power of human consciousness and reflection. In terms of its effects in the towns and villages, it is a testimony to the creativity of ordinary people.

The five years of the People's Campaign achieved many breakthroughs and suffered many failures. I cannot detail them all here, but the book I have been privileged to assist in writing with a key activist and intellectual, Dr. T. M. Thomas Isaac, does cover this ground. For those of you who are interested, a US edition will be published by the end of this year by Rowman Littlefield in their series on world social change. I will only say here that the decentralization campaign led to vastly improved public services in areas such as roads, irrigation, drinking water, sanitary latrines, and school and hospital construction. It also managed to generate mechanisms of popular involvement that reduced corruption, a fact that helps explain the improved public services.

But I am telling you about this Campaign for another reason. You see, the decentralization process was intended by its innovators— those rehabilitated and reinvigorated leftists I mentioned earlier— to promote the economic growth that had eluded Kerala for so many decades while they redistributed wealth and improved equality. The decentralizing activists wanted to create this growth by setting up cooperatives along the lines of Kerala Dinesh Beedi, the inspiration and structural model, but smaller and with some other differences I am about to mention. And they set out to combine these mini-KDBs with one other model although it was not always named: the Grameen Bank which you may have heard of. Founded by Muhammed Yunus in 1976 in Bangladesh, the Grameen Bank has become one of the most fashionable models for fueling economic growth. The Bank lends small amounts to cells of 5 poor women who pledge together to repay their loans. Interest rates of 20-30% are still below the regular private lending rates and paybacks have been above 90%. The Ford Foundation, the UNDP, and finally in 1995, the World Bank, have all become supporters of the Grameen style micro-credit approach to fueling economic growth (McMichael 2000:295-96; Rahman 2001).

A major weakness of the Grameen Bank is that it depends on outside funds to stimulate the self-help process. No Mohammed Yunus, no effective self-help groups. Another weakness is that the lending agency can have an agenda of its own so that self-help

becomes a mechanism for outside interference. The World Bank micro-credit programs, for example, usually require privatization of cooperating lending agencies and rewriting of debt collection laws (McMichael 2000:296). Finally, empowering any particular group of 5 women to engage in any particular kind of economic activity does not necessarily fit in with the development needs of the local community. In the end, it could just be random growth benefiting a few individuals.

This is where the Kerala program differs. In the Campaign for Democratic Decentralization, self-help groups (SHGs) are established at the local neighborhood level for 10 to 20 below poverty line individuals, usually women. The SHG puts forth a production project such as a cooperative to manufacture umbrellas, soap, sandals, incense, ready-made clothing, or electrical equipment; or a service such as a cooperative store or teashop. The village council considers the project within the local annual plan with the idea of distributing the investments to maximize interconnections and to avoid overinvestment in any particular activity. The council also encourages the production of goods and services that can be consumed locally in order to insulate the jobs created from the effects of globalization. In many villages, the land and buildings for such cooperatives have been donated by the government or by individuals and in some the facilities are on the grounds of a women's community center so that child care needs are immediately taken care of. Since Kerala has long had nurseries in virtually every town and village, the SHGs can piggyback onto the achievements of previous Kerala activism.

Once the project is approved, financing sources are matched together: the participants raise about 25% of the funds themselves through a rotating credit association in which they place, say, 10 rupees per week for a period of one year. This money is matched by a low-interest loan from a state or national bank—private banks have shown little enthusiasm for the process so far—and the village council makes up the rest from its decentralization fund. The fuel for this growth is thus a combination of finance capital and investment from the workers but what fuels the fuel, so to speak, is the democratic participation of the worker-owners of the firm along with the local community that agrees the items would have a reasonable market. One Chapparappadavu SHG set up a poultry unit while another began the manufacture of "hot boxes," a type of rice cooker invented by Kerala scientists that uses 50% less fuel and takes less cook's time. In some cases, the connection with the local community is more elaborate. Pallichal village in southern Kerala, set up a women's weaving cooperative to manufacture school uniforms. Before deciding on the number of people who could join, the council conducted a household survey to find out how many parents would agree to purchase at least one school uniform from the local unit if it were started up. The very act of conducting the survey led to substantial community interest and pledges of enough uniforms to open the SHG to 120 members. In Madakkethara village in central Kerala 10 women set up a Vanita Karshika (Women Farmer) Nursery where they bring coconut, pepper, and spice seeds to the sapling stage for sale to local growers. In nearby Panjal village, in 1999-2000, eleven women took training as autorickshaw drivers and 10 completed the course and purchased the 3-wheeled pedicabs that take Kerala villagers within and outside the village for personal and business purposes. A few men jeered when the first women drivers appeared, and even today it is brothers or husbands who work the night shift; but during



the day the women earn 80 rupees on average after loan repayments and petrol costs, about what they could get transplanting or harvesting rice. But driving a cab means having work all year, and the annual income is more than three times what a farm laborer can make. The women hope to pay off their autorick loans within two years. By the way, nobody is jeering now.

Can you build a globalization-proof economy on the production of umbrellas and soap? Does it really matter if a few women get jobs as local cabbies? Will democratic decentralization build an alternative economy with better paying and more secure jobs or will it just leave Kerala as an industrial backwater as the rest of the world marches forward into a high-tech future?

The Kerala Campaign has three answers to these questions. First, they argue that local planning can make more efficient use of existing local resources and that should be done no matter what the long term strategy. Just as Kerala already makes more efficient use of its existing growth through its redistribution programs to produce high material quality of life indicators, so it can also make better use of its nature resources to fuel economic growth. The fuel that mixes with the land and water resources is the democratic participation and activism of the local community. And some results are showing up in the statewide statistics. During the first 3 years of the Campaign, from 1996 to 1999, 315,881 new acres of land were brought into cultivation, an increase of 5.6%. Agricultural production, long stagnated or even in decline, went up in 1998-99 by 3.82% compared with an average of 1.3% in the previous 3 years. Industrial growth rose by 7.2%, and more than 100,000 new jobs were created, representing a possible 5% decrease in Kerala's exceptionally high unemployment rate. Thousands of people in hundreds of communities setting up SHGs and creating local plans— when added together— it has had an impact.

But surely there are limits to growth of this kind. And you might be wondering whether Kerala, with its high literacy and international outlook, has discovered IT and the Internet. Of course, they have. Of all the states of India, Kerala has the most ambitious IT program. Already the state has the most complete fiber optic cable network in India. Plans are underway to put a computer in every village office and upgrade the staff to provide computer-based government services such as instant birth certificates. But most importantly, IT is seen as a fuel for economic growth. This takes on many dimensions.

Let us return to Kannur and Kerala Dinesh Beedi. You will recall that the cooperative is moving out of tobacco production and into food processing. The manufacture and packaging of spices is designed to absorb the literate but otherwise only basically educated work force. But in a far-sighted decision, KDB's director board, after lengthy consideration and investigation of options, decided to invest a large part of the coop's reserves into becoming a major IT provider for northern Kerala. A major center is being constructed that will function as an office complex, internet service provider, and software production and troubleshooting complex. And just to make sure it is financially sound, there will be a large marriage hall as well. Already courses have begun to train local youth, better educated than their parents, in programming, repair, and software

design. And who are these local youth? The KDB-sponsored courses are open to all, but a minimum of one-third of the seats are reserved for the children of beedi workers. In a visit to a classroom in January 2000, I had the moving experience of meeting Ajesh, 17 years old, his classmate Usha, 19, and several other young men and women whose parents had worked all their lives rolling tobacco into wrapper leaves. Now their children are programming in "C" and other computer languages, and preparing to design office-managing software for local government and businesses, or to repair and maintain Kannur's rapidly expanding IT infrastructure.

Kannur is no Bangalore, and Kerala is unlikely to become a second Indian version of Silicon Valley. But the decentralization campaign is tagging onto the IT expansion and seeking to use it to create jobs. Unlike the local umbrella factories, however, IT employment brings with it both the advantages and dangers of a direct connection to the global economy. The advantage is that the scope for employment is large; the danger is that the jobs depend a lot on decisions over which the workers and the local communities have little control. One of the biggest potential job sources in Kerala for IT workers is data entry. It works like this. A physician in England or the US sees a patient. She/he dictates notes on the patient's condition into a tape recorder. That evening the audio is sent via satellite to a data entry center in India where a low-paid typist keys it into a digital file that can be uploaded and sent back to the doctor's office next morning. I am sure you can see the promise of thousands of jobs here, but also the dangers: there will eventually be data entry workers somewhere else ready to work for less. And eventually, maybe soon, the entire process will be automated so a machine immediately reads the doctor's voice and nothing has to be sent anywhere.

Are there alternatives to fueling economic growth with such a dangerous mix? Part of the IT market can be local: already in Kerala a substantial amount of medical prescription work is done with computers and it requires local-language software, digitalized fonts in Malayalam, and local data entry workers. Government record keeping is also being rapidly computerized. But the big job numbers come from national and international IT needs. And they are the most vulnerable to sudden collapse. You can see why some people prefer to make umbrellas or drive pedicabs.

So what lessons do we learn from Kerala? I think we learn first of all that any levels of economic growth can be made more efficient and effective in their consequences for human welfare by maximizing public action for greater equality. Second, the example of KDB shows that we can create institutions that fuel economic growth in ways that maintain and expand upon the effects of public action for greater equality in the society in general. And third, the evidence from the Campaign for Democratic Decentralization shows that even poor communities can generate substantial amounts of fuel for growth and that such fuel can be consumed locally in ways that are more effective and more community-sustaining than by waiting for outside large-scale investment to come in.

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