



George Gunton's Divergent View on the Origin of the Great Divergence: The Dynamics of Social Wants in England and India

Sashi Sivramkrishna, School of Business Management, NMIMS, Bangalore, India,
sashi.sivramkrishna@gmail.com

Abstract

Most contemporary historians have proposed a multitude of supply-side factors that arguably propelled the Great Divergence between the West and the East. A late nineteenth-century economist, George Gunton, instead proposed a demand-centric theory to explain the root cause for the divergence between countries. Gunton claimed that effectual demand arises from social wants that become the precondition for capital investment and growth in real wages. While social wants in the West and East were almost on par until the thirteenth century, the advent of free towns and cities in Europe, and particularly, England, set into motion a transformation of social wants. Meanwhile, without a similar revolution, social wants remained static in the East, particularly India, so that standards of living and consequently real wages too did not increase. This stark observation and the possible reasons for its timelessness have so far received scant attention in the contemporary debate. This article seeks to both address this inadequacy and draw attention to Gunton's overlooked contribution to the Great Divergence debate.

JEL Classifications: N10; N30; N33; N35.

Keywords: Great Divergence; George Gunton; social wants; free towns; standards of living.

Copyright © 2023, The Economic and Business History Society. This is an open access journal. Users may read, download, copy, distribute, print, search, or link to the full texts of the articles in this journal without asking prior permission from the publisher or the author.

ISSN 0896-226X LCC 79-91616 HC12.E2

<http://creativecommons.org/licenses/by/4.0/>



Introduction

More than a hundred years before Kenneth Pomeranz (2000) had sown the seeds for a spirited academic debate on the Great Divergence, an Anglo-American labor activist and economist, George Gunton, had raised questions uncannily similar to those posed by contemporary historians engaged in this discussion. Indeed, it is surprising that Gunton remains completely missing from the present-day debate. An online search of the words “George Gunton” and “Great Divergence” in combination yielded no relevant matches. Neither was mention of Gunton found in the contemporary papers and books on the Great Divergence cited in this article. It is, therefore, important to fill this void by revisiting Gunton’s work and contextualizing it, both as a contribution to and a critique of the ongoing debate. A disclaimer is pertinent here; I do not position myself either as a proponent or as an opponent of Gunton’s arguments. Rather, the overriding objective of this article is to delve deeper into Gunton’s contribution and open it to further inquiry so that it may eventually be assimilated by historians as a compelling divergent perspective on the Great Divergence with his thought-provoking analysis on why Asia’s, and in particular India’s, growth in real wages may have been weak while those in the West, and in particular, England, rose and accelerated.

After a brief summary of the dominant view on the Great Divergence debate, the article shifts attention to George Gunton and his contribution to this debate. Following an exposition of his theoretical reasoning on the importance of social wants as the *raison d’être* for the divergence, we present some major contributions to the demand-centric view along with their dissimilarities to Gunton’s arguments, thereby asserting the uniqueness of his proposition. Social wants as the driver of real wages, the reverse of what is usually argued, was substantiated by Gunton through an exploratory study of wages and living standards in England between the thirteenth and nineteenth centuries. We summarize his analysis in the context of more contemporary discussions on these parameters and also highlight differences in their causative construct. The article then presents some documented evidence to support Gunton’s views on the fundamental cause underlying inertia in real wages in India—the languid development of social wants—which has so far received scant attention in the Great Divergence debate. Finally, in the concluding section of the article, we delineate some important limitations in Gunton’s study before drawing implications of his views on the relevance of social wants to the development trajectories of developed and developing countries.

The Dominant View on The Great Divergence

Contemporary economic historians have largely focused on supply-side changes that drove a wedge between the growth paths of the East and the West while paying comparatively less attention to the demand-side of the economy. This bias possibly emanates from Say’s Law, a term coined after the late-eighteenth/early-nineteenth century French economist, Jean-Baptiste Say, which argues that supply creates its own demand or that the act of producing something (supply) must arise from a corresponding demand for goods and services. Say’s Law can also be taken to mean that production precedes consumption, that is production generates income, which then stimulates demand. In either case, focus shifts entirely to factors that trigger production or supply while aggregate demand is taken for granted.

The supply-side factors that arguably induced the Great Divergence include the exploitation of natural resources particularly energy sources like coal (Pomeranz 2000), expansion of international trade (Oded Galor and Andrew Mountford 2005) and colonization (Pim de Zwart 2016), institutions like legal regimes (Debin Ma and Jan Luiten van Zanden 2011) and property rights (Douglass C. North and Barry Weingast 1973), science and technology (Bas van Bavel, Eltjo Buringh, and Jessica Dijkman 2018; David Landes 1969;

Joel Mokyr 1990), state interventions (Bishnupriya Gupta, Debin Ma and Tirthankar Roy 2016; Peer Vries 2015), the role of commercialization in raising wages as impersonal labor market transactions replace personalized customary relations (Stephen Broadberry, Sayantan Ghosal, and Eugenio Proto 2017), and development of markets (Roman Studer 2008). These developments resulted in the ability of industry and businesses to increase the quantum, quality and range of output produced as well as the productivity of labor, resulting in higher real wages and with it, an increase in the consumption of goods and services. Robert Allen, a foremost contributor to the Great Divergence debate, unequivocally articulates this supply-side view:

The immediate cause of the divergence is clear enough: the rich countries have invented and adopted technologies that have raised labour productivity enormously. Poor countries, on the other hand, have been slower to adopt modern methods ... There has been great debate about the answer, and many non-economic factors have been invoked ... Culture being inadequate, economists have turned to institutions to explain economic development. According to this view, the rise of the West was due to good institutions, i.e., secure property rights, limited government, and low taxes ... (Allen 2012, 1-2)

George Gunton and his Demand-centric View of Development

Gunton (1845-1919) was born in England but migrated to the United States of America in 1874. His association with trade unions had begun in England when he worked for the textile mills of Lancashire and continued in the US where he became an organizer for the United States Cotton Operatives Association (Jack Blicksilver 1957). However, by 1885 he severed his relationship with organized labor and “entered upon a new career as an independent journalist and educator” (ibid, 4). In 1888, the British edition of Gunton’s book, “Wealth and Progress” (Gunton 1888) was published, a year after the United States edition had been released. Like many economists of his time, Gunton too rooted his proposals for social reform in history and economic theory.¹

Based upon his experience with trade unions, Gunton saw the complementarity between labor and capital. Neither did he believe that all wealth was created by labor nor did he support the argument that all progress emanated from the efforts of the entrepreneurial class, the capitalists or those he refers to as employers. Instead, the production of wealth and social progress, according to Gunton, becomes possible when labor (human energy) and capital (natural forces embodied in machines) are combined. The usage of capital increases wealth or the production of goods and services only when it yields “increasing returns” (ibid, 21), that is, when it gives more wealth to the community than it takes from it. In other words, investment in capital happens only when it produces more than it consumes in its own production.

The question then arises as to why would employers invest in capital in order to increase production? Arguing against the naïve notion that this is because of the “self-denial and sagacity of employers” (ibid, 23), Gunton makes an important causal assertion:

... instead of the laborer’s higher wages and improved social condition *being the result of the employer’s investment in machinery*, the case is just the reverse—viz., that the

¹ This article focuses on only two works by Gunton, “Wealth and Progress” (Gunton 1888) and “Principles of Social Economics” (Gunton 1894), in which most of his arguments relevant to the Great Divergence can be found. Even though his subsequent works do base themselves on his theory of wages developed in these texts, they are directed towards wage policy in the United States rather than making comparisons in standards of living between England and India (or China).

successful investment of capital in machinery is *made possible only* by the increased consumption (higher wages) of the masses. (ibid, 24; author's italics)

Successful investment in capital requires that the “increased product must *all be sold*” (ibid, 26; italics in original). For this to materialize, there must be an “effectual desire or effectual demand” (Gunton 1894, 82) for goods and services, which in turn arises from the established wants of the community. A want should, however, not be equated to “the mere willingness to accept a thing, an indifferent desire for it ... a want, in the true sense of the term, is such conscious need of an object that its absence will cause sufficient pain to induce the effort and sacrifice necessary for its attainment” (Gunton 1888, 188). Put differently, although people may want something, it is not effectual unless the pain from not consuming it exceeds the pain expended in obtaining it. Therefore, for wants or desires to become effectual, they must “incite the necessary activity for their gratification” (Gunton 1894, 23).

These wants can be further broken down into *physical*, which consist of those purely for physical sustenance and *social*, which are acquired and influenced by social intercourse, rooted in the people’s social conditions that become a part of “each person’s nature ... a fixed set of mental tendencies” (Gunton 1888, 192). “The habitual wants and customs or the social character of the people” (ibid, 90) delineate their *material standard of living*; the food they eat and how, the dress they wear, styles and fashion, their furniture and homes, their desire for travel and leisure, the nature of entertainment, the prominence accorded to education, and so on. There are two specific points that Gunton further underscores; first, that the standard of living will vary with the social status of the class to which labor belongs and second, the standard of living pertains to that of the family and not an individual.

For people, and in particular, the laboring class to be in a position to desire a better standard of living, a market for labor must exist (wage system) wherein the price of labor is for the *service of labor as a commodity*, and not the *laborer as a commodity*, which prevailed under slavery. In a wage system the laborer “ceased to be a commodity, and became a distinct social as well as economic factor” (ibid, 78) so that while the employer buys services (labor) and sells products, the laborer sells service (labor) and buys products. Labor was then in a position to determine its own wants—the desired standard of living—and therefore the price at which it is willing to sell labor service unlike slavery where the owner arbitrarily determined the standard of living afforded to the slave.

Gunton also proposes that the price of labor or wages that must be paid by, or the cost of production to the employer, is determined by the standard of living of the “most expensive family” (ibid, 89) of any class of labor. In terms of the standard neoclassical theory of the supply curve, the market wage rate is the price at which the last worker is willing to supply her labor. In other words, the market wage rate is the price at which the most aspirational worker is able to achieve the standard of living that she strives for. At this wage rate, the least or less aspirational workers are left with what is referred to as producer surplus. This analysis is consistent with the fact that not all workers within a social class are disgruntled, some even save money while others struggle to make ends meet. Gunton’s proposition, therefore, stands in direct opposition of Ferdinand Lasalle’s “iron law of wages” (Jeremy Wolf 2015) where the wage rate settles at the lowest level necessary for barebones subsistence of workers.

One way for the gratification of people’s wants is to reduce the pain that goes into obtaining it; the division of labor and invention of “labor-saving contrivances” (Gunton 1888, 24) are outcomes of efforts in this direction. When a society witnesses this desire for increased consumption of goods and services or, in other words, a desire for a higher standard of living, employers sense and seize this opportunity of a greater demand for goods and services both as a *possibility* as well as a *necessity* to invest in capital (plant and machinery). Here, the possibility arises from the incentive to lower average costs (the pain to customers) to sell more by investing in capital while the necessity is from their concern that they should

not be driven out of business by their competitors who invest in capital and produce the output at lower average costs. Moreover, through the setting up of new plants and/or expansion of scale, they not only sell more goods but also sell them at a lower price. With this, the aspirations of “the laboring classes, constituting nearly eighty percent of the population” (ibid, 5) for higher standards of living in terms of higher real wages are realized just as the employers’ desire for increased production and larger profits.

The starting point then in Gunton’s “true theory of wages” (ibid, 72) is, therefore, not capital investment *per se* but rather the “socially accepted *standard of living*” (author’s italics for emphasis) or habitual wants: “... the state of material comfort and social refinement which is customary, and therefore demanded by the social status of the class to which one belongs, and below which he cannot go without being put to social disadvantage” (ibid, 88).

“Capital is the effect, rather than the cause, of social progress” (Gunton 1894, 80). Unless there exists a larger demand for goods and services, the investment in capital will not yield increasing returns. To Gunton, effectual desire, social wants, or the standard of living, are a necessary condition for the employment of capital. It is not just investment which follows effectual desire but also production. Chronologically, since consumption *follows* production, it is simplistically reasoned that production *causes* consumption. This is incorrect; “although we must produce before we consume, we do not consume because we produce but we always produce because we consume, or that we may consume” (ibid, 82). Therefore, “production cannot be much in advance of consumption, and the aggregate wealth of the world can never be permanently much in excess of the world’s aggregate wants” (Gunton 1888, 190).

The satisfaction of wants does not put an end to wants. Instead, it is through the satisfaction of wants, that men and women enlarge their field of experience, which only gives rise to more and higher level of wants. As social opportunities become more widely available to the masses, wants increase and with them, standards of living. Furthermore, these changes in the standard of living are not abrupt or discrete. They are “subtle, complex, and very gradual ... taking place in almost insensible gradations” (ibid, 31). The changes are also “positive and aggressive” (ibid, 31) so that laboring classes will not forsake their established standards of living or easily regress to a lower one.

Just as contemporary economists emphasize the importance of real wages, so does Gunton. There are situations in which nominal wage increases result in higher real wages but this is not necessarily the case. An increase in price level could affect the “cost of living” (ibid, 96) or the “price of the commodities the labourer consumes” (ibid, 96) so that *nominal wages* increase without a corresponding increase in real wages. On the other hand, “an increase in the number of commodities habitually consumed by labor would constitute a rise in the standard of living ... and therefore constitute a rise in what we define as *real wages*” (ibid, 96). This could happen even with constant or decreasing nominal wages if there is a corresponding and sufficiently larger decline in the price level. It is also possible that nominal wage rates rise while prices fall or remain constant without a change in the desired standard of living. This, however, would inevitably result in a backward-bending supply curve for labor wherein leisure is valued more than work, that is when the pain of not having a good is less than the pain endured from the effort required to acquire it.

Although real wages are the single most important indicator to delineate differences in the standards of living between regions and between countries for both Gunton and contemporary historians, there is nonetheless a fundamental difference in the *raison d’être* for differential levels in real wages. It is here that Gunton’s theory of the “wages system” (ibid, 77) offers a divergent lens to unearth the roots of the Great Divergence.

Free Towns and the Roots of the Great Divergence

Gunton not only builds a theoretical argument to establish the primacy of social wants as the driver of real wages but also locates the period and context in which this arose as well as the factors that triggered the virtuous spiral of social wants. Until the early thirteenth century, Gunton claims that the standards of living in India, China and England were about the same. The habitual wants of goods in these countries were minimal and almost on a par. Apart from basic food and clothing, the dwellings were small huts with small windows but without chimneys, crude furniture, some earthen and iron vessels and rugs to sleep on. However, by the close of the thirteenth century “a difference has arisen between the material as well as the political and social condition of the working classes in England and that of those in Asia” (ibid, 108). Gunton then zeroes in on the emergence of free towns and cities in late medieval England as the essential catalyst that spurred the rise of free-labor and a sense of social empowerment, effectively driving the desire of people across the socio-economic hierarchy for improvements in their standard of living.

It was during this period, when the feudal system was maturing in England, that the wants of the owners of fiefs began growing, giving rise to commerce and industry in the towns of the feudal nobility. However, as these towns grew, it led to growing hostility over the extraction of tribute by the nobility—the barons—from the townsmen, in particular, the burghers. The latter, which included merchants, the masters of trade, craftsmen and financiers, not only sought to protect their newly acquired wealth and prosperity from exorbitant taxes but also began to assert their independence in terms of the freedom to make their own laws, the freedom to mortgage land and freedom from interference in the expansion of trade and commerce. In doing so, the interests of the burghers came into direct confrontation with feudalism, not superficially, but in the most profound sense: “the whole atmosphere of feudalism was one of confinement, whereas the whole atmosphere of merchant activity in the town was one of freedom” (Leo Huberman 2009, 20).

The development of free towns was simultaneously eroding feudalism within its boundaries where serfs began commuting their services for the lord with money earned from exchanging surplus grains in the free towns. It was only a matter of time before the serf was slowly turning away from the provision of traditional labor services and into wage-labor. Most importantly, however, was the fact that “large numbers of serfs, in addition to buying the freedom of their land from the obligation of labour services, also bought their personal freedom” (ibid, 35). Others chose to migrate to the free towns where they came under their protective umbrellas and cherished their independence. This naturally meant an increase in the population of serfs in these towns who were gradually exposed to growing economic activity which “perceptibly affected the wants and character of the labourers and taught them to not only produce but also to consume wealth” (Gunton 1894, 34).

While free towns and free cities rose across Spain, Italy, Germany and France, it was in England—supported by contingent and conjectural events between the monarchy, barons and burghers—that they made gradual and steady progress towards the acquisition of wealth, power, and freedom. By the eleventh century the towns had obtained charters giving them special privileges and by the twelfth century the right to self-governance, culminating in the Magna Carta of 1215 and the representation of burghers in the Parliament in 1265.

These free towns and free cities were not a mere agglomeration of industrious and spirited people but had grown from material progress, social intercourse, and political struggle, defended by a sense of liberty and imbued with the spirit of human freedom. As Huberman succinctly put it, “freedom was in the air ...” (Huberman 2009, 36). The reason for the transformation unleashed by free towns and cities was so robust that it ended feudalism, converted serfs into wage-labor, established political representation, laid the foundation for religious reformation, political revolution and finally, the Industrial Revolution.

We summarize Gunton's theory of wages and its relationship to the development of free towns and cities schematically in Figure 1 on the next page.

Some Contemporary Demand-Centric Views on the Great Divergence

Among contemporary historians, Christopher Dyer's work on living standards in the late medieval period (Dyer 1989) strongly supports Gunton's claims that since the close of the thirteenth and until the fifteenth century, England witnessed a significant advancement in the range and quality of goods and services consumed—food, ale and wine, meat and fish, the use of condiments and spices, textiles and clothing, buildings and possessions—across different classes of society, including the aristocracy, peasants, urban dwellers and wage-earners.

Moreover, as Gunton emphasizes, consumption is not something that merely resulted from higher incomes but is rather a social want that progressively turned into an essential need. This insight is also implicit in Dyer's study. For instance, he argues that consumption by the aristocrats was a necessity "to maintain physiological and socio-psychological health" (ibid, 274) with their lifestyle exhibiting a definite social purpose. Moreover, "prestigious display was an essential part of the maintenance of social distinctions, and that social competition, both with other groups and among the aristocrats" (ibid, 89) influenced their lifestyles. The aristocrat's meal was "a cultural event" (ibid, 284), "competitive forces" encouraged families to buy luxuries, styles in clothing and even shoes changed frequently and "they [aristocrats] were expected to live up to their income" (ibid, 91). Their spending pattern was, however, not crass; it was socially defined, tempered by practical restraint and moral qualms. Even when incomes of the aristocrats declined sharply towards the close of the fifteenth century, the aristocrats adjusted their consumption by cutting back on the number of residences and purchase of the most expensive luxuries like wine and furs while at the same time ensured that "social distinctions" (ibid, 108) were preserved.

There is a difference between consuming simply because one has more money-on-hand and consuming more as something which has socially evolved. Once again, Dyer discerns this subtle difference in the nature of consumption, not only by the aristocracy but also by the peasantry and wage-earners. The development of social wants of the peasantry is not only evident from the increase in variety of food consumed by them in the thirteenth century but also that "peasant eating was not entirely governed by utilitarian considerations. Meals were served with some ceremony, on a table covered with a linen or canvas cloth ... even poorer families could adorn the table with a decorative ceramic jug" (ibid, 160). Clothing has always been an important indicator of a socially-conditioned want; "after 1350 peasant clothing was transformed by changes in fashion. A new style of dress spread through European courtly circles in the 1340s, and gradually permeated the rest of society" (ibid, 176).

The effectual wants of English wage-earners had also undergone significant transformation during the fourteenth and fifteenth centuries:

The belief that wage-earners were content with a low level of consumption and plentiful leisure does not accord with the hostile comments on their indulgence in ale and gambling (both rather expensive pursuits), and the more objective evidence that cottages were being rebuilt in this period alongside the houses of the better-off peasants and artisans, and that labourers expected to eat quantities of meat and fish. The high levels of cloth production, especially of the cheaper types, also points to the wage-earners as a significant group of consumers, who had incentives to work hard to buy these rather expensive manufactured goods. (ibid, 311)

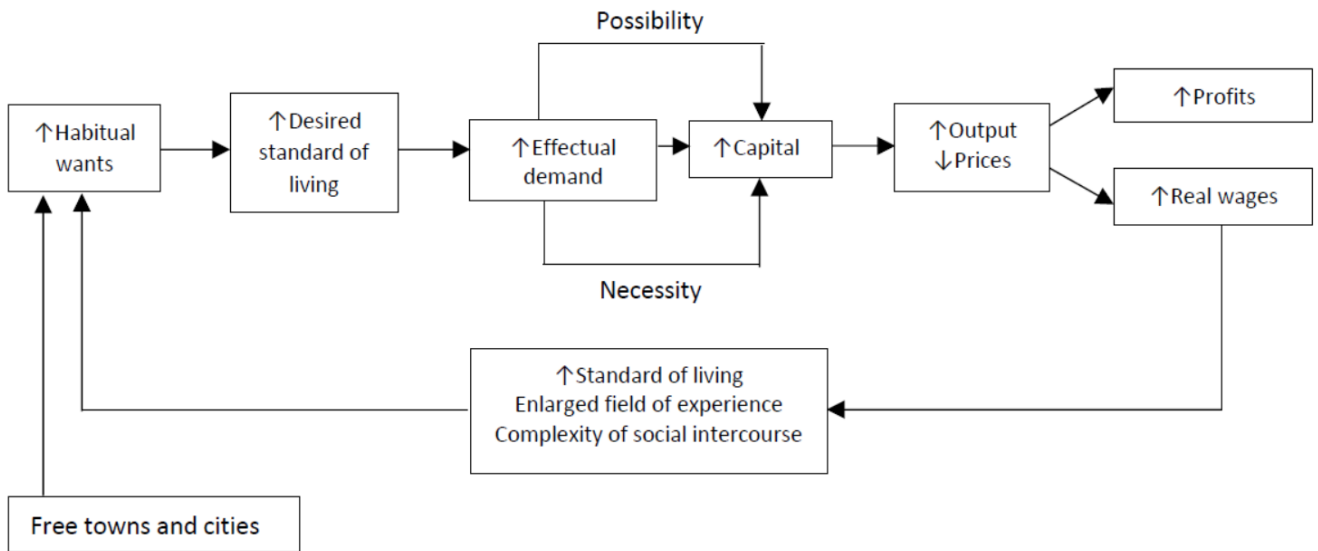


Figure 1
Gunton's Theory of Wages

In a later study, Dyer (2002) describes the “explosive and transforming urbanization” (ibid, 23) that took place in England between 1086 and 1315, particularly the thirteenth century. In this phase, hundreds of small towns emerged characterized by their occupational variety, dense population, high proportion of artisans, their ability to govern themselves, the intensity of trade and commerce, migrations, as well as adopting a new way of life. These towns not only provided employment but also helped people to acquire education, skills and training. They provided entertainment and access to fine cloth, comforts, beer and wine, and luxury goods. They were seen as “sources of good things, and as convivial places” (ibid, 21).

Another contemporary contribution that can be likened to Gunton’s is Jan de Vries’ seminal work, *The Industrious Revolution* (de Vries 2008), in which he builds a strong case to look at the “place of consumer demand in economic development” (ibid, 7) given that “the emphasis in history has always been on the forces of production ... [although] the study of consumption can help our understanding of medieval society in many ways” (ibid, 7-8).

De Vries argues that the increasing availability of luxury goods from abroad through international trade gave rise to a desire to work more, acquire and consume. These new luxuries that emerged in Europe in the early modern period were distinct in nature from the old luxuries; the latter associated with plunder, greed, vice, avarice, uselessness and wastefulness, while the former are seen in a more benevolent way as pleasure, taste, fashion, style, convenience and novelty. There is an additional characteristic of “new luxuries” that is critical; the desire to acquire these luxuries set off “self-initiated exertions to satisfy them” (ibid, 67) or, in other words, consumer demand motivated the industrious behavior of households and its members resulting in ingenuity, production and industry (de Vries 2013, 80). “Wealth did not precede their wants” (Gunton 1894, 47); rather, the urge to progress materially and the aspiration to improve standards of living induced the creation of wealth.

In this circuit of production and consumption, the division of labor in this period did not happen at the level of the firm; “rather, it was achieved primarily at the level of the household” (de Vries 2008, 71) in which a greater amount of time was devoted by members of the family to produce for the market to earn more, consume more, and “consume differently” (ibid, 73). Women and children were especially important as they redirected their efforts to market-based, proto-industries like textiles, metallurgical products and ceramics while men continued working on farms. This increasing productive capacity was driven by increased purchasing power and more importantly, a demand for the output so that what was produced could be sold.

Drawing from the works of Nicholas Barbon (ibid, 60) and David Hume (ibid, 67) among others, de Vries (2013, 80) further argues that these new wants were the driving force of the industrious revolution; a “consumption-driven commercial phenomenon that preceded and prepared the way for the Industrial Revolution, which was driven by technology and changes in organization”. Moreover, it was consumption—via the creation of a common experience shared by ever-larger circles of the population—that offered the “visible signals to enable the requisite coordination to take place” (ibid, 72) and the household, as production units, responded to these signals by reallocating their productive resources. De Vries (ibid, 65) also identifies from the work of Hume, the virtuous circle between wants and desires and “industry, knowledge and humanity ... linked together by an indissoluble chain”.

There are several similarities in the works of Gunton and de Vries² including the nature of wants, the need to exert pain to fulfill them, the inseparability of production and consumption as phases of the same economic movement (Gunton 1888, 10) and the positive feedback loop between effectual wants and the production process. However, one fundamental difference between the views of Gunton and de Vries is that while the latter argues that “the industrious revolution unfolded in the course of the long capacious ‘century’ stretching across the period

² de Vries’ (2008) 38-page bibliography does not mention the work of George Gunton.

1650-1850 ...” (de Vries 2008, 10) or the early modern period when trade with Asia was booming, for Gunton, the story begins in the late medieval period, and more specifically, in the free towns and free cities of England. Although de Vries acknowledges that the “New Luxury was generated by urban society” (ibid, 44), there is relatively little discussion in his book on the origins and process of urbanization itself.

Maxine Berg (2005) also grants primacy to urban growth as the trigger for consumption-led development; “Britain’s urban middling classes led the shifts in material culture which also swept through elite households and transformed the habits of the labouring poor” (ibid, 19). These items were not the old luxuries but useful items like tableware and furniture. They were competing with Asian manufacturers to produce a diverse range of goods that suited the aspirations of the emerging middle-class. The nature of urban housing also enhanced the demand for decorative detail and refinement of design and functionality. Berg, like de Vries, explores the development of urban consumerism and its transformation of production and industry but sees this as an eighteenth-century phenomenon.

Gunton, it must be emphasized, does not merely stress upon the existence of urban centers in terms of population—such urban centers existed in Asia too, including Japan, China and India—but specifically in the emergence of free towns and cities as essential catalysts that spurred the rise of free-labor and a sense of social empowerment (Gunton 1894, 33), effectively driving the desire of people for improvements in their standard of living. The connection between free towns and the Great Divergence has rarely been explored in the contemporary debate, an exception being their role in bringing about institutional changes that strengthened property rights (van Zanden 2008, 354), which, however, once again amounts to a supply-side factor.

Herein lies the uniqueness of Gunton’s hypothesis from a wide range of others that have been explored in the Great Divergence debate. So fundamental is the importance of these distinctive clusters as the root cause for the Great Divergence that Gunton declares, “in those countries where the Free Cities never existed, such as China, Hindostan [India], and Egypt, civilization has been mostly stationary” (Gunton 1894, 38).

Asserting uniqueness to Gunton’s proposition, however, raises an important question: why then has Gunton been overlooked in the Great Divergence debate? This question could possibly be answered using an argument made by Lawrence Glickman (2020) in which he alludes to the exclusion of labor reformers or abolitionists like Gunton albeit in a different context—a review of a book on John Maynard Keynes:

By a vertical approach [to intellectual history] I mean, in contrast, an approach that not only looks across for context [horizontal approach] but above, below, and outside of these circles as well. Such an approach might explore not only those influences but things that Keynes didn’t notice because they lay outside his field of vision. Versions of some of Keynes’s key insights, taken to be original and even revolutionary, in the world of professional economics and public policy, can be found in circles that Keynes did not know about or take seriously, such as nineteenth century labor reformers or abolitionists.³

It is, therefore, not unlikely the historians engaged in the Great Divergence debate may have altogether missed sources that have lain outside their “circles”, Gunton perhaps being one among possibly many others. Gunton, after all, has been studied in other circles including

³ It is obvious that Glickman refers to Gunton here as a labor reformer among several others, given that his earlier work (Glickman 1997) extensively refers to Gunton.

those on consumption (Daniel Horowitz 1980) and US trade union efforts for higher wages and a shorter working week (Glickman 1997).

Living Standards in Late-medieval England

After articulating the *raison d'être* for the divergence between the West and the East, Gunton delves into the long cycle of changes in real wages in England from the thirteenth to the nineteenth century in order to support his argument that the driver of real wages is the standard of living or social wants, rather than the reverse as most contemporary historians have argued.

Even among the contemporary historians focusing on supply-side drivers, only a few have studied the late medieval (rather than the early modern) period as when the Great Divergence could have begun. To these historians, the deadly plague in the fourteenth century—that came to be known as the Black Death—by claiming the lives of millions of people, estimated at 40 percent of the population (Remi Jedwab, Noel Johnson, and Mark Koyama 2022), resulted in a demographic supply-side exogenous shock on several European economies. The contraction in population and ensuing shortage of labor, triggered a sharp spike in real wages that then induced adjustments in the capital-labor ratio with the substitution of capital for labor as well as innovation and adoption of new technologies, leading to productivity increases (Sevket Pamuk 2007, 313), and consequently, increased consumption and standards of living. Several other consequences due to the plague have been discussed including changes in money supply on account of the contraction of population, a decrease in interest rates, fluctuations in the price level and real wage rates (John Munro 2004), greater flexibility in guilds, and geographical and occupational mobility of labor (Colin Platt 1996, 37). More generally, the plague induced a series of structural and institutional changes—social, religious, economic and political—that may have ultimately laid the foundations for the Great Divergence in the eighteenth and nineteenth centuries (Jedwab et al 2022).

By taking an even more expansive view of late medieval history, Gunton delineates the Great Famine of 1315-22 and the plague of 1348-51 as important episodes in the larger narrative of a radical transformation in social wants that had already been set in motion with the rise of free towns and wage labor in the thirteenth century. The famine and plague were therefore more of short-term shocks in this longer-term progression.

Gunton begins with the famine and the rejection of the naïve demand-supply theory of wage rate determination. He accuses Thorold Rogers, an authoritative nineteenth-century economist and historian, of towing the Smithian line of reasoning that an increase in real wages during the famine can be ascribed to a fall in the supply of labor, based on the assumption that “people must have died from famine” (Gunton 1888, 111). While recognizing that the famine inflicted severe hardship and many people may have died from starvation, Gunton argues that “the evidence appears to be entirely wanting of any such terrible death-rate as would cause a sufficiently marked scarcity of labour to account for an increase of thirty percent of wages” (ibid, 112). He points to reports of chroniclers that people were laid-off, forcing them to become “starving outlaws” (ibid, 113) and “banditti” (ibid, 113) for want of employment. If we are to base our reasoning on the supply-demand theory of labor, a scarcity of labor is contradictory to the claim that people were turning to crime from the lack of employment. Instead, it is more likely that the famine caused a sharp increase in the price level and in the cost of living of laborers. To maintain standards of living of those employed, nominal wages would have increased while there could have been many who, due the slump in demand, may have been dispensed with altogether, thereby inciting them to crime or being reduced to vagrancy.

The famine was followed by a period—about twenty-five years—of “uninterrupted plenty” (ibid, 114). Prices of food fell sharply. However, nominal wages did not fall and real wages continued to rise. The reason for this according to Gunton is that nominal and real wages are

determined by different factors; the former by the cost of living and the latter by the standard of living. When the price level falls but nominal wages do not, the “surplus” wage is absorbed in satisfying new wants. This may indeed have been the situation as social wants continued to rise in England as part of a longer trend and in spite of the famine.

The next episode of the fourteenth century is the plague, the Black Death, that struck Europe around 1350. Once again, Gunton dismisses the argument that the plague—by contracting labor supply—could have led to a sustained increase in real wages. A shortage of labor, he argues, based on Thorold Rogers’ own account, “ceased . . . very soon” (ibid, 122). Moreover, if indeed the plague had reduced the population by a third, why did the wage rise from 2-3p/day to just 5p/day when crops were actually rotting in the fields for the want of workers? The answer is straightforward; with 5p/day, the workers were able to fulfill their social wants, which were rising from the trend set in motion more than a century earlier. A rise to 10p/day would have induced idleness without any enhancement to the standard of living (ibid, 127). Moreover, a massive fall in population could have resulted in both, a fall in supply and also a fall in demand for labor at the same time. Without knowing the magnitude of each, there is no obvious reason from a pure demand-supply analysis to believe that the plague *per se* should have resulted in higher real wages. Gunton is, therefore, convinced that the rise in and level of real wages was part of a longer trend resulting from the emergence of free towns and free cities since the late twelfth century that had altered the social character and wants of its citizens and was not merely due to a contraction in labor supply.

A careful scrutiny of the population trends in fourteenth century England (Gregory Clark 2007, Figure 7, 123) shows that a structural break in population growth was taking place even prior to the famine and that by the time the plague struck some three decades later, the population had declined from a maximum of 6 million at the turn of the fourteenth century to about 4.3 million, further declining to about 3.3 million on account of the plague, thereafter rising marginally from this level before showing a continuous decline all the way until 1500 when it had reached a low of about 2.5 million (Jean-Paul Chavas and Daniel Bromley 2005, Table 1, 225). Barbara Harvey (1966, 38), for instance, points out that “soon after 1300 there began a decline so rapid that we may speak of the population figures ‘tumbling down’”. A reason, although uncorroborated, for this decline in population since the late thirteenth century has been propounded by Dyer (1989, 187):

In the economic problems of the late thirteenth century many women may have waited until their mid-twenties before marrying, and some found it impossible to marry at all. This would have reduced the numbers of births and ultimately contributed to a slowing in the growth in population. Those who did marry could have contributed to the same trend by practicing some form of birth control, which would not have prevented all conceptions, but would have increased the intervals between births.

During the period between the famine and plague, Clark (2007, Table A2, 133) reveals a small but discernable rise in real wages, although there is no change in nominal wages. If the demand-supply theory held true, which he proposes, then nominal wages should have been rising from the contraction in population even before the plague struck.

Contemporary historians of the Great Divergence who have studied this period follow Thorold Rogers, basing their argument on the Smithian demand-supply theory of wage determination, which Gunton questioned. Perhaps the most significant study of this period in the Great Divergence debate is by Pamuk (2007). Drawing on unpublished data shared by Paolo Malanima, Pamuk argues that the decline of population from about 5.75 million in 1300 to about 3 million in 1400 (2007, 294), a decline of about a third of the population, caused a severe decline in labor supply and as a consequence, an increase in nominal and real wages, which in turn drove urban growth, technology and consumption. The decline in population is

attributed almost solely to the plague rather than an intensification of the declining trend that had commenced more than half a century earlier. Munro too proposes a Smithian demand-supply explanation that the post-plague labor shortages led to greater disposable real incomes, which then induced artisans and laborers to increase consumption of “meat, dairy products, industrial goods and semi-luxuries” (Munro 2004, 191). To these historians, the origins of the Great Divergence characterized by rising real wages can therefore be traced to the demographic shocks induced by the Black Death rather than emanating from changes in social wants or standards of living that arose with the development of free towns and free cities more than a century earlier.

Meghan Garity (2018) provides a possible argument to reconcile the views of Gunton and contemporary historians. Drawing upon Ole Jørgen Benedictow (2004), she first seems to reiterate Gunton’s claim that “from the end of the thirteenth century until the advent of the Black Death a substantial economic modernization of the English economy would have taken place with a considerably increased emphasis on a market economy” (ibid, 2-3). This along with expanded markets and trade, standardized laws, and the increased use of coinage, enabled the lower classes to be better acquainted with the nuances of the economy (Stuart Borsch 2005, 59). When the Black Death struck, the lower classes, which included peasants and artisans, would use these skills to maneuver their way into relatively higher economic status (Garity 2018, 2). However, as Gunton would argue, all this would have happened only if the lower classes had already a desire to improve their material standards of living, which indeed would have been the case as the economy modernized over a century and a half prior to the plague.

Gunton further explores the relationship between real wages and standards of living through the late medieval period in order to strengthen the argument of his “wages theory”. As real wages kept rising during and after the plague, while the cost of living remained fairly stable, there was growing concern among landowners (including the king) and employers over the unnecessary and extravagant wants of laborers. This caused “animosity to grow between peasants and landowners” (Gunton 1888, 3). Thus began a series of legislations with far-reaching consequences on the steady rise of real wages that England had experienced since the twelfth century (Samuel Cohn 2007). In 1349, the king issued a proclamation that wages should not exceed their customary limits (Lawrence Poos 1983, 29) and if they did, laborers would be imprisoned. However, with the proclamation failing to curb rising real wages, the Parliament voted the king’s edict into law under “The Statutes of Labour”, which remained in force for the next two hundred years, until about 1550. In spite of severe punishments—including imprisonment and branding the forehead with a hot iron rod—for breaking the Statute, wages continued to rise (Gunton 1888, 132). Moreover, wages were also paid in-kind or as gifts to beat the imposed ceilings and escape the notice of the authorities (Clark 2007, 117).

To Gunton, real wages were increasing because social wants continued to rise with growing trade and commerce of free towns and the increasing social intercourse of laboring classes. Reports proliferated on the outcry against the extravagance of the poor, their vanity for fashion, furniture, and amusement. In 1388, a new approach was adopted to control the rise in real wages; instead of fixing wage rates, a legislation was passed that targeted the root causes of the rise in social wants. The movement of workers between towns was prevented including industrial contact, social intercourse and association (Gunton 1888, 136), thereby retarding the development of new tastes and wants. In addition to geographical mobility, occupational mobility too was curbed and children of laborers were forced to adopt the occupation of their parents only. Gunton, therefore, asserts that “the rise of real wages was unmistakably arrested before the middle of the fifteenth century” (ibid, 140).

By the early sixteenth century, “the chartered towns and cities had lost all their power and prestige” (ibid, 141-142). The key driver of real wages had been suppressed resulting in

its stagnation between the mid-fifteenth and end of the eighteenth centuries. In the short-run, there were fluctuations in real wages but these were due to lags in adjustment of nominal wages to changes in the price level rather than any progress in social wants.

To summarize, Gunton's central proposition is that the rise of free towns and free labor drove the increase in real wages in the late thirteenth century until the mid-fifteenth century, interjected and augmented by two catastrophic episodes in the fourteenth century—the famine and the plague—only to be suppressed thereafter over the next two and a half centuries (Broadberry, Bruce M.S. Campbell, Alexander Klein, Mark Overton, and Bas van Leeuwen et al 2015⁴). The upward trend once again manifested itself in the seventeenth century perhaps due to the expansion of international trade between Europe and Asia, from which time the divergence between the West and East became increasingly evident. Finally, in the nineteenth century, real wages showed a robust rise in England with nominal wages often increasing in spite of decreases in the price level as standards of living improved.

Social Wants in India

Gunton categorically asserts that without the emergence of free towns and cities, Asia, and in particular, India, never experienced a rise in standards of living and the consequent increase in real wages that England did. Records of foreign travelers as well as colonial surveyors and officials clearly support Gunton's argument that languidness of social wants in India was a stark reason for the stagnation of real wages. In fact, so close is the narrative between Gunton and statements found in colonial records, this phenomenon must have been nothing less than obvious in the nineteenth century. This section surveys some recent literature on India's position in the Great Divergence debate and then draws on colonial records to evidence this essential driver of real wages. These records not only lend credibility to Gunton's theory but also fill an unmistakable gap in the contemporary literature on the Great Divergence.⁵

Contemporary historians of India's position in the Great Divergence debate have, like others, also predominantly focused on supply-side factors, in particular, those that arose in the eighteenth and nineteenth centuries. Prasanna Parthasarathi (2011, 2), a forerunner of the revisionist school, categorically claims:

Britain diverged from Asia, as well as other parts of Europe, not because it possessed rationality, science, markets, capitalism or anything else in greater abundance, but because of the pressures and needs it faced—in combination with its state's policies—produced a revolutionary response.

The two pressures were the “competitive challenge of Indian cotton textiles ... which culminated in the great breakthroughs in spinning in the late eighteenth century ... and shifted the center of global manufacturing from Asia to Europe” (ibid, 2) and the second, shortages of wood due to deforestation and the consequent impediment in producing charcoal for iron smelting. Broadberry and Gupta (2009, 302) take a similar position:

⁴ In this work, the authors indicate stagnation of real GDP per head between c. 1400 and 1620, followed by a period of sluggish growth until the early nineteenth century. However, using data from Clark (2005 and 2010), they find (p. 253) a steep rise in real GDP per head and real wage rate between c. 1300 and 1420, followed by a sharp decline in both until 1600. After this these indicators rise but reach the 1420-levels only by the mid-nineteenth century.

⁵ This section also fills a gap in Gunton's own work. As we will see in the last section of this article, Gunton's study of social wants in India is rather superficial—drawn from just two published works.

high silver wages in Britain meant that cotton textiles produced domestically using traditional labour-intensive production methods could not compete with Indian goods in world markets. This stimulated a search for new methods of production, which led ultimately to a shift of competitive advantage in Britain's favour.

Roy (2008, 386), on the other hand, argues that in India knowledge transactions or transactions in know-how were limited, while "knowledge [was] more of a traded good and a public good in Europe". This led to differences in technological pathways and consequently the Great Divergence between India and Europe in the eighteenth century. In another study, the inability to exploit water resources in India for transport and power due to technological and socio-cultural reasons is explored as a basis for the Great Divergence (Terje Tvedt 2010).

Discussing social wants is a sensitive subject and can be prone to accusations of racial overtones. The imperious language found in colonial records makes it even more difficult for historians to utilize them for study. It is therefore important to point out that no value judgements in terms of superiority of one society or social practices relative to another are being drawn here. While considering an increase in social wants as an indicator of standards of living (or the quality of life) may amount to a simplistic reduction of history to material progress, we nonetheless take recourse to it in order to delineate the divergence in *material* consumption as measured by real wages. Material standards of living of a country are characterized by the quantity as well as quality of goods and services consumed by the average household. These objects of consumption relate to food, fashion and clothing, housing, travel, education, leisure and entertainment. In all these facets, colonial reports indicate that social wants in India had remained static and at a level found centuries earlier in Europe.⁶

It is also important to elucidate the reason for presenting the views of Western observers. Differences between material standards of living would only be documented by those accustomed to a dissimilar existence. For instance, only a foreign observer would find it noteworthy to record Indian homes rarely having tables and chairs simply due to the fact that s/he would have taken it for granted that such furniture should be found in any home as would have been the case in the West at that time.

With these caveats in mind, we begin with Gunton's primary argument that social wants in India had remained "practically unchanged" (Gunton 1888, 108) and support it with nineteenth century records describing their sheer simplicity. For example:

The simple habits of the Hindoo [Hindu] require so little furniture that the house of the farmer contains merely the simplest requirements ... the Hindoos at their meals place their dishes on the ground, each one taking his meal alone, which, no doubt, will be considered a very unsocial custom. (Dhunjeeshaw Moneckjee Lalca 1865, 15)

Most Hindus used "neither chairs nor tables ... they have neither knives, forks, nor table-cloths, and use nothing but their hands to eat with" (Peter Parley 1857, 97). The daily clothing of the Hindu was "strictly prescribed by rule" (Lalca 1865, 16) and was restricted to draping of unstitched pieces of cloth. An American missionary writing on the daily lives of Indians wrote, "one cannot but admire the simple habits of the Hindus" (A.W. Rowe 1881, 17). Their social wants including "their houses, their clothing, their food, are all of the plainest, simplest kind" (ibid, 18). "The interior of an average native house is even more unattractive than its rude exterior. Chairs and tables there are none. A low stool, a rude cot ... a loose mat, a box

⁶ "Static" is a loaded word too. Other terms like "simple" or "organic" may be more appropriate to overcome the implicit racist overtones. The term static, however, captures the essence of timelessness of social wants in India.

or two for storing away jewels ... innumerable earthen pots ... complete the stock of furniture" (ibid, 30). In businesses too, the social wants of Indians were relatively few; "where a European [merchant] must have at least two hundred rupees a month, the native can live on ten. Where a European must have a decent room as a place of business, the native sits on the ground in an open shed ..." (ibid, 132).

The deep-rootedness of an Indian's limited social wants was extensively discussed by East India Company officials as it became a worrisome constraint in the expansion of their commercial interests by way of increased sales of British products in India. In the Minutes of Evidence (1813) taken before the Committee of the Whole House and Select Committee, several officials of the Company were confronted with a common question: "do their [Indians'] habits of living, provided their manners and customs would permit, admit of any saving sufficient to enable them to become purchasers of European commodities?" (ibid, 38) and the answer almost always was: "I should think, certainly not" (ibid, 23).

These views support Gunton's claims that social wants had remained unaffected in India in spite of many European "mechanics, tradesmen, and planters" having settled in Calcutta (ibid, 67). Warren Hastings, Governor-General of Bengal, remarked: "... the Indians now are in their dress, their manners, and in all habits of life, just what they were at the commencement of the period of their present *jūge* or age, which is perhaps as far as the history of that country extends" (ibid, 4). The implication was that there was little demand in India for products manufactured and commonly consumed in England.

It is during this time, around 1813, that a debate broke out between the Company and free traders over the monopoly of the former in the Indian market. Many British traders and merchants objected to the Company's claims that the wants of the Indian people were unchanging. While there could be an element of truth in the arguments of both parties, it is nonetheless apparent from a number of other sources that social wants in India had remained relatively unchanged all through the late medieval and early modern period when the West had experienced transformation in material standards of living. Even as late as 1881, commentators spoke only of signs in the wants and habits of Indians; "coats are becoming very popular and are fast displacing the upper cloths ... there is growing desire among all classes for European furniture" (ibid, 26, 30).

If social wants had indeed remained static in India, the question arises as to why this was the case. Perhaps the first thing that struck an observer well-versed in Western customs at that time was how religious and caste practices of the majority-Hindu population⁷ required strict adherence to norms and customs, thereby defining and limiting social wants. This understanding was common:

the sense of the stern devotion and utter abnegation of every independent feeling with which they [Hindus] throw themselves without reserve into all the sacrifices demanded of them by their creed, and the contempt of life with which they give themselves up to all the observances demanded of them by their religion. (Lalcaca 1865, 3)

the daily life of the Hindu admits of but little variety, every action being as it were prescribed by law. (Parley 1857, 94-95)

sensible of these benefits, and satisfied with the gifts of Providence ... they have preserved, even under the dominion of strangers, the religion, the manners, the customs and the wisdom of ancient Indians (J.B. Depping 1829, 113)

⁷ In the last quarter of the nineteenth century, Hindus accounted for about 77 percent of the total population of 240 million (Roper Lethbridge 1881, 120).

their [Indian] manners, customs, religion, the whole state of society, preclude the possibility of any increase of the consumption of European manufactures. (Minutes of Evidence 1813, 92)

The evidence that social wants were constrained in India on account of religious practices and the caste system is strong but not the only possible factor. Some commentators also believed that climate may have played a role in limiting social wants. Writing as a "Friend of India" (1821), an author of a short essay argues that climatic conditions "contribute to diminish the wants of the native of India, respecting his habitation, his furniture, and the clothing of both himself and his family, the care of providing which presses so heavily from year to year on the British peasant and artizan" (ibid, 260). However, this had an effect on the "indefatigable habit of industry and that robustness of the mind" that is evident in Britain "by their being compelled to meet the wants ... can never be created in the inhabitants of India" (ibid, 260).

Nonetheless, these observations are not a sufficient condition to claim that low real wages were not actually preventing changes in social wants. Records reveal that it was just not the average or poor Indian who was content with his meagre wants and low wages, but even the rich or those with surplus income did not aspire to consume Western goods strengthens Gunton's contention.

Rowe (1881, 30) observed that while the poor had few social wants, "even the rich, who could well afford to adorn their homes and surround themselves with domestic comforts, are not disposed to do so, at least they do not strive after what we should consider home comforts". Company officials also pointed out that "... *even if they had the means*, it is my [William Cowper's] opinion that their habits, their prejudices, and their customs, would all operate to prevent their consuming any quantities of such [European] commodities" (Minutes of Evidence 1813, 22). At a more anecdotal level, the "Friend of India" (1821, 260) makes an interesting observation:

the state of unnatural poverty ... is not the state of the indigent merely, but of the affluent, who could well afford any kind of convenience or ornament, and who forbear to provide themselves with those articles of convenience, *not from parsimonious feelings*, but because they view them as totally needless ... a native child of ten years old, who is not arrayed in clothing to the amount of a rupee, will sometimes have on his bare legs and arms ornaments to the amount of more than a hundred.

This raises yet another question: what would richer Indians do with their surplus incomes and wealth if it was not spent on consumption of new wants? An undeniable reality is that Indians hoarded their wealth in the form of precious metals. Rowe (1881, 22) remarks that in spite of the limited social wants, the desire for hoarding precious metals, particularly gold and silver (money) "is inordinately strong in Hindus ... for the sake of heaping up rupees a rich man will live in a dreary, windowless mud-hut all his days, and make his life and that of his family as rayless as is his dingy house ... [their] strong love of money ... ends in itself". Such hoarded wealth would not be utilized: "If natives accumulate capital, they generally bury it ..." (Appendix 1833, 642). The desire to hoard money for its own sake probably explains why real wages of some portion of the population may have been high while at the same time, standards of living could have remained low. More important, however, is the effect of this behavior of the rich on the aspirations of the average person, which is then the sustained driver for higher real wages across the entire population and in particular, the working classes. In fact, even prior to the publication of Adam Smith's *Wealth of Nations*, James Steuart had stressed the importance of the "aspiration effect", which is how the level of wants—the demand

for luxuries—in society affect the productivity of labor (Robert Eagley 1861, 51) or real wages, making him a precursor to Gunton by more than a century.

Apart from the accumulation of precious metal, surplus incomes would also be spent on practices that were intricately tied to religion, custom and tradition, but not on modern luxuries. People with surplus wealth would more likely expend it on “feasts, marriages, and other things more connected with the usages and manners of their own country” (Minutes of Evidence 1813, 57). Warren Hastings reiterated this: “they would expend it [surplus wealth] in dissipation, in their pleasures, in state, but not, I think, in *the luxuries of the table ...*” (ibid, 3; author’s italics for emphasis). Traditional Hindus and Muslims who did imitate European manners may have actually lost their traditional stature “in their own class, by a departure from the usages” (ibid, 57). The only community that seemed to have assimilated European habits and similar social wants were the Parsees who “spent a great deal of money in furnishing houses, and purchasing carriages and other luxuries of a similar description” (ibid, 57).

Finally, we find Gunton’s proposition that an increase in social wants drives real wages and without this desire, real wages will tend to stagnate, may have actually been an accepted view among many nineteenth century commentators. Consider this statement by an East India Company official: “the monthly wages of labour ... are quite proportioned to the wants of the common native” (ibid, 96). Elucidating the logic that desired standards of living determine their work effort, this remark makes the argument that leisure may have been preferred to work. A reviewer of a book, *History of Civilization* by Buckle (1858, 522-523) argues that just as the “improved arts and advanced knowledge are constantly cultivating in larger and larger number of society [in Europe and England] new tastes, new wants new habits”, the same advances could “work an alteration in the habits of the Indian or African peasant ... [and when] they gain upon population ... the remuneration of the labourer comes necessarily to include something more than a handful of rice and the strip of cotton” (ibid, 522-523). At a time when private traders and merchants were seeking access to Indian markets that were supposedly being monopolized by the East India Company, we find in a report made to the Select Committee: “They [the traders and merchants] have learned that capital *can*, as it has, provide goods; and they have equally, and to their sad cost, *now* learned that it [capital] can neither ensure consumption nor increase the natural wants of man” (Appendix 1833, 1067).

Further evidence showing that increased real wages led to diminished work hours rather than increased consumption—the backward-bending supply of labor curve—would further support Gunton’s claim that standards of living indeed influenced the level of real wages. In an account from the early nineteenth century, India is described as a land lavishly endowed with the finest natural resources but the indigenous inhabitants are Hindus, “easily satisfied ... a little bamboo hut lodges him, the light vestment of cotton ... covers him. He needs no extraordinary effort to procure these things ... *and as soon as his labour is completed, he seeks the shade ...*” (Depping 1829, 114; author’s italics). In another account, higher wages “further saves them some hours’ labour daily; and if the conveniences of life can be obtained by the poor with ten hours’ daily labour, instead of twelve, the ease given a man by these two hours’ leisure ... ought to be esteemed a blessing of Providence” (Friend of India 1821, 261). Similarly, while building the railways in India, Thomas Brassey found that the increases in nominal wages from 4d. to 6d. resulted in laborers working less or increased their wastefulness, instead of consuming more, or in other words, the backward-bending supply of labor curve. This was unequivocally reasoned out by him to be on account of their limited social wants:

The great increase in pay which has taken place, has neither augmented the rapidity of execution, nor added to the comfort of the labourer. The Hindoo workman knows no other want than his daily portion of rice, and the torrid climate renders watertight habitations and clothing alike unnecessary. The labourer therefore desists from work

as soon as he has provided the necessities for the day. Higher pay adds nothing to his comforts; it serves but to diminish his ordinary industry. (Brassey 1872, 88-89)

One source that most closely fits Gunton's thesis is an obscure volume written by "A Novice" (1859) to Lord Canning, then Governor-General of India, on how to finance the government's budget by raising taxes. Here are several remarks culled from this short volume:

The native of India has very few wants, and those few are easily supplied. As a people, the inhabitants of India are much better off, have fewer wants unsupplied, than those of England, and this too notwithstanding that they do not work one half so hard as the English, ... (ibid, 19)

I have shown that the wants of the natives of India are very few, that those few are too easily supplied, and that from idleness and want of energy, or rather from the want of incentive to energy, a large portion of wealth of this country is being wasted and lost (ibid, 26)

... the native of India is much more in a position to say '*poor Englishman*' than the Englishman to say '*poor Indian*'. (ibid, 46; italics in original)

The wants of an Indian are very few and those few very easily supplied: after the obtainment of those wants, he ceases to labour. (ibid, 48)

These records from nineteenth century India strongly support Gunton's theory of wages, opening up a different perspective on the Great Divergence debate.

Limitations and Implications of Gunton's Views on the Great Divergence

Before considering some implications of Gunton's views, we first delineate the limitations in the scope of his propositions on the Great Divergence. Gunton rests his arguments on India's (and China's) stagnation by drawing on just a few snippets from the works of Francis Buchanan (1807, 1988) and Brassey (1872). By only considering wage rates reported by Buchanan from more than twenty-five different locations across southern India, Gunton (1888), without a deeper study of social wants in these regions, hastily jumps to the conclusion that:

In all cases the labourer's income, of whatever it consists, is, generally speaking, in close conformity to the cost or standard of living, and that is the only thing to which wages appear to sustain any uniform consistency. (ibid, 101)

Buchanan's *Journey* has also elicited some contemporary historians including Parthasarathi (2004), Kaveh Yazdani (2017), and more elaborately by Sivramkrishna (2009) to ascertain real wages and living standards in southern India at the turn of the nineteenth century. Although real wages may have been substantially higher than the barebones subsistence-level wages that Gunton alludes to, no reference has been made by Sivramkrishna (2009) to the nature and importance of social wants in India during this period, and instead focuses entirely on the quantity of consumption and more specifically, calorific intake from food grains.

It is furthermore pertinent to mention that Gunton's work focuses on England rather than Europe more widely, and although there are references to social wants in China, this article has its lens fixed primarily on India. Drawing generalizations to the Great Divergence between the East and the West must consequently be approached with caution.

In spite of Gunton's own limited knowledge of social wants in India and the specificity of his study to England, a key implication that can be drawn from his view is that the roots of the

Great Divergence as the economic or material growth of the West and the stagnation of the Rest may not have been a globally interconnected phenomenon. Instead, the rise in real wages in England was possibly triggered by entirely endogenous structural changes that occurred with the decline of feudalism and the sense of freedom experienced by the citizens of free towns and cities in the early thirteenth century. In essence then, Gunton's view cautions that "differences" between the West and East, or as explored here, between England and India, could have been critical to the process of English industrialization. It is, therefore, necessary that "the recent emergence of non-Eurocentric strands of so-called global history" (Stefano Agnoletto 2023, 10) engage with Gunton as a potential counterpoint in the Great Divergence debate.

There is also substantive reason to believe that the way of life in India was governed predominantly by religious practices and caste norms wherein material wants were contained within clearly delineated boundaries. This, however, as many records have pointed out, cannot be reduced to the argument that India was in a state of poverty. As the Novice (1859, 45) articulated:

the idea [of the poor Indian] never could have originated in any truth in the actual poverty of the Indian, that is, in his inability of procuring those articles which are deemed necessary by him for his subsistence and comfort, for no people in the world are, according to their necessities, better supplied with every want at the expense of so little labour.

The Great Divergence can therefore be viewed as at least partly due to a socio-cultural *difference* between England and India in which progress was not valued purely in terms of the consumption of material goods. This is the reason why there may be no contradiction between Gunton's theory and the analysis of contemporary historians (Parthasarathi 2011) who argue that Indian industry may have been as advanced as those in the West especially in the fields of shipbuilding, iron and steel, instrument-making and even rocketry if we recognize that many of these may have been directed for military use and their percolation into the civilian economy and people's everyday lives was limited. The separation between livelihoods (as producers) and lifestyles is also apparent from the fact that India exported some of the most fashionable textile products to England in pre-colonial times from bandanas, scarves, handkerchiefs, chintz to tableware and furnishings, although few, if any at all, of these products or designs were assimilated as social wants in India at that time.

The dynamics of social wants in shaping material progress, tensions and conflicts in India, both historically and in the present context, requires further study. At the same time, while India has begun to articulate and assert itself as an "aspirational society", it is interesting to find a movement that is presently gaining significance in the West seeks to reverse its historical trajectory by advocating a "degrowth society". If economic growth has been driven by social wants then it is possible to limit growth and its consequent environmental destruction by containing and transforming social wants, although this will emerge from a different socio-cultural consciousness and ethos that may have permeated India from ancient times well into the twentieth century.

Acknowledgements

The author thanks the Foundation to Aid Industrial Recovery (FAIR), New Delhi/Bangalore, for research support extended. Views expressed in the article are, however, solely of the author.

Works Cited

- A Novice. 1859. *Random Thoughts on the Taxation of India*. Calcutta: C.B. Lewis.
- Agnoletto, Stefano. 2023. "Endogenous and Exogenous: Debating the Historiography of the Industrial Revolution and the Great Divergence." *Essays in Economic & Business History* 41 (1): 1-30.
- Allen Robert C. 2012. "Technology and the Great Divergence: Global Economic Development since 1820." *Explorations in Economic History* 49 (1): 1-2.
- Appendix. 1833. *Appendix to the Report from the Select Committee of the House of Commons on the East India Company, 16th August 1832, and Minutes of Evidence, II. Finance and Accounts—Trade. Part II Commercial*. London.
- Bavel, Bas Van, Eltjo Buringh, and Jessica Dijkman. 2018. "Mills, Cranes, and the Great Divergence: The Use of Immovable Capital Goods in Western Europe and the Middle East, Ninth to Sixteenth Centuries." *Economic History Review* 71 (1): 31-54.
- Benedictow, Ole Jørgen. 2004. *The Black Death, 1346-1353: The Complete History*. Woodbridge: Boydell Press.
- Berg, Maxine. 2005. *Luxury and Pleasure in Eighteenth-Century Britain*. Oxford: Oxford University Press.
- Blicksilver, Jack. 1957. "George Gunton: Pioneer Spokesman for a Labor-Big Business Entente." *Business History Review* 31 (1): 1-22.
- Borsch, Stuart J. 2005. *The Black Death in Egypt and England: A Comparative Study*. Austin, TX: University of Texas Press.
- Brassey, Thomas, 1872. *On Work and Wages*. Third Edition. London: Bell and Daldy.
- Broadberry, Stephen, Bruce M.S. Campbell, Alexander Klein, Mark Overton, and Bas van Leeuwen. 2015. *British Economic Growth: 1270-1870*. Cambridge: Cambridge University Press.
- Broadberry, Stephen, Sayantan Ghosal, and Eugenio Proto. 2017. "Anonymity, Efficiency Wages and Technological Progress." *Journal of Development Economics* 127 (Special Section): 379-394.
- Broadberry, Stephen and Bishnupriya Gupta. 2009. "Lancashire, India, and Shifting Competitive Advantage in Cotton Textiles, 1700-1850: The Neglected Role of Factor Prices." *Economic History Review* 62 (2): 279-305.
- Buchanan, Francis. 1988. (Original 1807). *A Journey from Madras through the Countries of Mysore, Canara, and Malabar*. Vol. 1, 2 and 3. New Delhi: Asian Educational Services.
- Buckle. 1858. "Buckle's History of Civilization." *Blackwood's Edinburgh Magazine* LXXXIV (DXVII): 515-535.
- Chavas, Jean-Paul and Daniel W. Bromley. 2005. "Modelling Population and Resource Scarcity in Fourteenth-Century England." *Journal of Agricultural Economics* 56 (2): 217-237.
- Clark, Gregory. 2005. "The Condition of the Working Class in England, 1209-2004." *Journal of Political Economy* 113 (6): 1307-1340.
- Clark, Gregory. 2007. "The Long March of History: Farm Wages, Population, and Economic Growth, England 1209-1869." *Economic History Review* 60 (1): 97-135.
- Clark, Gregory. 2010. "The Macroeconomic Aggregates for England, 1209-2008." In *Research in Economic History Vol. 27*, edited by A.J. Field, 51-140. Bingley: Emerald Group Publishing Limited.
- Cohn, Samuel. 2007. "After the Black Death: Labour Legislation and Attitudes Towards Labour in Late-Medieval Western Europe." *Economic History Review* 60 (3): 457-485.
- de Vries, Jan. 2008. *The Industrious Revolution: Consumer Economy and the Household Economy, 1650 to the Present*. New York: Cambridge University Press.

- de Vries, Jan. 2013. "The Industrious Revolutions in the East and West." In *Labour-Intensive Industrialization in Global History*, edited by Gareth Austin and Kaoru Sugihara, 65-84. London and New York: Routledge.
- de Zwart, Pim. 2016. *Globalization and the Colonial Origins of the Great Divergence: Intercontinental Trade and Living Standards in the Dutch East India Company's Commercial Empire, c. 1600-1800*. Leiden and Boston: Brill.
- Depping, J.B. 1829. *Evening Entertainments; Or, Delineations of the Manners and Customs of Various Nations*. London: N. Hailes.
- Dyer, Christopher. 1989. *Standards of Living in the Later Middle Ages: Social Change in England, 1200-1520*. Revised edition. New York and Melbourne: Cambridge University Press.
- Dyer, Christopher. 2002. "Small Places with Large Consequences: The Importance of Small Towns in England, 1000-1540." *Historical Research* 75 (187): 1-24.
- Eagley, Robert V. 1961. "Sir James Steuart and the 'Aspiration Effect'." *Economica* New Series 28 (109): 53-61.
- Friend of India. 1821. "On the Circumstances which Conduce to the Happiness or the Misery of India." *The Asiatic Journal and Monthly Register* XI (January to June): 258-261.
- Galor, Oded and Andrew Mountford. 2005. "Trade and the Great Divergence: The Family Connection." *American Economic Review* 96 (2): 299-303.
- Garity, Meghan. 2018. "In the Wake of Death: Socioeconomic Effects of the Black Death in Medieval England." 23rd Annual Research Conference, University of North Georgia, March 23. Available at: <https://www.medievalists.net/2018/04/in-the-wake-of-death-socioeconomic-effects-of-the-black-death-in-medieval-england/>. Accessed March 2021.
- Glickman, Lawrence B. 1997. *A Living Wage: American Workers and the Making of Consumer Society*. New York: Cornell University Press.
- Glickman, Lawrence B. 2020. "On Horizontal and Vertical Approaches to Intellectual History." S-USIH US Intellectual History Blog, August 1. Available at: <https://s-usih.org/2020/08/on-horizontal-and-vertical-approaches-to-intellectual-history/>. Accessed May 2021.
- Gunton, George. 1888. *Wealth and Progress: A Critical Examination of the Wages Question and its Relation to Social Reform*. London: Macmillan and Company. Available at: https://www.google.co.in/books/edition/Wealth_and_Progress/KfEPAAAAYAAJ?hl=en&gbpv=1&dq=george+gunton+wealth+and+progress&printsec=frontcover. Accessed December 2020.
- Gunton, George. 1894. *Principles of Social Economics: Inductively Considered and Practically Applied with Criticisms on Current Theories*. New York: G.P. Putnam's and Sons. Available at: <https://babel.hathitrust.org/cgi/pt?id=njp.32101047814247&view=1up&seq=157>. Accessed January 2021.
- Gupta, Bishnupriya, Debin Ma and Tirthankar Roy. 2016. "States and Development: Early Modern India, China, and the Great Divergence." In *Economic History of Warfare and State Formation*, edited by Jari Eloranta, Eric Golson, Andrei Markevich and Nikolaus Wolf, 51-69. Studies in Economic History. Singapore: Springer.
- Harvey, Barbara F. 1966. "The Population Trend in England Between 1300 And 1348." *Transactions of the Royal Historical Society* 16: 23-42.
- Horowitz, Daniel. 1980. "Consumption and its Discontents: Simon N. Patten, Thorstein Veblen, and George Gunton." *Journal of American History* 67 (2): 301-317.
- Huberman, Leo. 2009. *Man's Worldly Goods: The Story of the Wealth of Nations*. New York: NYU Press.

- Jedwab, Remi, Noel D. Johnson, and Mark Koyama. 2022. "The Economic Impact of the Black Death." *Journal of Economic Literature* 60 (1): 132-178.
- Lalcaca, Dhunjeeshaw Moneckjee. 1865. *India: Its History, Character and Prosperity*. Liverpool: Rockliff Brothers, Printers.
- Landes, David S. 1969. *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present*. Cambridge: Cambridge University Press.
- Lethbridge, Roper. 1881. *A Short Manual of the History of India*. London: Macmillan & Co.
- Ma, Debin and Jan Luiten van Zanden (eds). 2011. *Law and Long-Term Economic Change: A Eurasian Perspective*. Stanford, CA: Stanford University Press.
- Minutes of Evidence. 1813. *On the Affairs of the East India Company, House of Commons, Reports & c. (East India Company) (First Part), Session 24 November-22 July, 1812-1813*, Volume VII. Available at: https://www.google.co.in/books/edition/Parliamentary_Papers/qkHDAAAACAAJ?hl=en&qbpv=1&dq=present+juge+or+age,+which+is+perhaps+as+far+as+the+history+of+that+country+extends&pg=PA4&printsec=frontcover. Accessed February 2021.
- Mokyr, Joel. 1990. *The Lever of Riches: Technological Creativity and Economic Progress*. Oxford and New York: Oxford University Press.
- Munro, John H. 2004. "Before and after the Black Death: Money, Prices, and Wages in Fourteenth-Century England." MPRA Paper No. 15748, December. Available at: <https://mpra.ub.uni-muenchen.de/15748/>. Accessed March 2021.
- North, Douglass C. and Barry Weingast. 1973. *The Rise of the Western World: A New Economic History*. Cambridge: Cambridge University Press.
- Pamuk, Sevket. 2007. "The Black Death and the Origins of the 'Great Divergence' across Europe, 1300-1600." *European Review of Economic History* 11 (3): 289-317.
- Parley, Peter. 1857. *Our Oriental Kingdom, or Tales about India*. London: Darton & Co.
- Parthasarathi, Prasannan. 2004. *The Transition to a Colonial Economy: Weavers, Merchants and Kings in South India, 1720-1800*. Cambridge: Cambridge University Press.
- Parthasarathi, Prasannan. 2011. *Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600-1850*. Cambridge: Cambridge University Press.
- Platt, Colin. 1996. *King Death: Black Death and its Aftermath in Late Medieval England*. Oxford: Routledge.
- Pomeranz, Kenneth. 2000. *The Great Divergence: China, Europe, and the Making of the Modern World Economy*. Princeton, NJ: Princeton University Press, 2000.
- Poos, Lawrence R. 1983. "The Social Context of Statute of Labourers Enforcement." *Law and History Review* 1 (1): 27-52.
- Rowe, Rev. A.W. 1881. *Every-day life in India: Illustrated from Original Photographs*. New York: American Tract Society.
- Roy, Tirthankar. 2008. "Knowledge and Divergence from the Perspective of Early Modern India." *Journal of Global History* 3 (3): 361-387.
- Sivramkrishna, Sashi. 2009. "Ascertaining Living Standards in Erstwhile Mysore, Southern India, from Francis Buchanan's Journey of 1800-01: An Empirical Contribution to the Great Divergence Debate." *Journal of the Economic and Social History of the Orient* 52 (4): 695-718.
- Studer, Roman. 2008. "India and the Great Divergence: Assessing the Efficiency of Grain Markets in Eighteenth- and Nineteenth-Century India." *Journal of Economic History* 68 (2): 393-437.
- Tvedt, Terje. 2010. "Why England and Not China and India? Water Systems and the History of the Industrial Revolution." *Journal of Global History* 5 (1): 29-50.

- van Zanden, Jan Luiten. 2008. "The Road to the Industrial Revolution: Hypotheses and Conjectures about the Medieval Origins of the 'European Miracle'." *Journal of Global History* 3 (3): 337-359.
- Vries, Peer. 2015. *State, Economy and the Great Divergence: Great Britain and China, 1680s-1850s*. London and New York: Bloomsbury.
- Wolf, Jeremy. 2015. "Iron Law of Wages." In *The Encyclopedia of Political Thought*, edited by Michael T. Gibbons. First Edition. Chichester, England: John Wiley & Sons, Ltd.
- Yazdani, Kaveh. 2017. *India, Modernity and the Great Divergence: Mysore and Gujarat (17th to 19th c.)*. Leiden and Boston: Brill.