HISTORICAL ISSUES OF DEINDUSTRIALIZATION IN NINETEENTH-CENTURY SOUTH INDIA

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The Sources of Indian Competitiveness

In the seventeenth and eighteenth centuries Indian cottons, especially the higher quality varieties, were less expensive than locally made cotton goods in virtually all markets around the globe. Europeans became keenly aware of this fact from the mid-seventeenth century when low priced Indian goods invaded markets in France, England, Spain and other nations. Throughout Europe local textile interests protested against the imported stuff because they were unable to compete against it. In Britain, for example, wool and silk manufacturers took to the streets to oppose the import and use of Indian cotton goods as they were marketed at prices far below what their cloths commanded.

Since the seventeenth century there has been widespread consensus – initially among contemporary commentators but then later among professional historians – on why Indian cottons were so cheap. A conventional wisdom emerged which attributed their low prices to the degraded and exploited conditions under which Indian workers laboured. Indian weavers were paid less than a penny a day, suffered harsh treatment from unscrupulous merchants and manufacturers, and taxed mercilessly by Oriental Despots, according to these accounts.

In 1998 an essay appeared which re-evaluated the sources of Indian competitiveness. It argued that the standard of living of Indian workers was far more similar to that of workers in Europe than previous commentators had appreciated.¹ This assertion was supported with

calculations of weekly earnings expressed in terms of grain. These showed that the real earnings of weavers and agriculturalists in Britain and South India were roughly comparable in the mid-eighteenth century. For spinners as well, grain earnings per pound of yarn spun were comparable in Britain and South India. These earnings estimates are summarized in Table 15.1 along with some earnings figures for weavers and spinners in Bengal.

These ‘real wage’ estimates were buttressed with a comparison of the position of weavers in the South Indian and British political and economic order. Weavers in South India possessed a number of advantages over their counterparts in Britain. First, the structure of contracts with merchants for the production of cloth gave the South Indian weaver several privileges which the British weaver did not have. Weavers in South India were free to cancel a contract at any time. Merchants, on the other hand, could not cancel contracts and they were obligated to take all cloth. In case of defects in manufacture, merchants had to negotiate price abatements with weavers to compensate for the shortfall in quality, but this was no easy matter since weavers could sell their cloth on the open market and cancel the merchant contract. Such a structure of contracts meant weavers could take advantage of favourable fluctuations in the market for cloth.

Second, merchants in South India, in sharp contrast to Britain, had little access to the levers of political power to discipline weavers.

Table 15.1. Earnings in the mid-eighteenth century Britain, South India and Bengal

<table>
<thead>
<tr>
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<th>Britain</th>
<th>South India</th>
<th>Bengal</th>
</tr>
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<tbody>
<tr>
<td>Weaving (lbs per week)</td>
<td>40–140</td>
<td>65–160</td>
<td>55–135</td>
</tr>
<tr>
<td>Spinning (pence per lb of Yarn)</td>
<td>4–24</td>
<td>7–24</td>
<td>5–24</td>
</tr>
<tr>
<td>Agriculture (lbs per week)</td>
<td>30–35</td>
<td>26–30</td>
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Notes: The wages for weaving and agriculture are given in terms of pounds of grain per week. For spinning they are given in terms of earnings per pound of yarn spun with correction for differences in grain prices.