



# Introduction

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# **Chapter 3: The Making of a Global World**

# Chapter 3: The Making of a Global World

## Introduction

The word 'Globalisation' is of recent origin. It refers to an economic system which has interlinked and integrated the world's economies. However, 'globalisation' in its primitive forms did exist in the ancient, medieval and the early modern periods.

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## Introduction

### Forms of 'Globalisation' in the pre-modern period



- The Indus Valley had trade links with West Asia
- Indian sea shells found their way from Maldives to China and East Africa
- Across countries, people traded in goods and various articles of trade
- Travellers, traders, pilgrims and priests travelled vast distances
- Travellers also carried germs to far off places which they visited

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## The Silk Route

The Silk Route was mainly a trade route which connected Asia with Africa and Europe. Silk was the chief commodity which was traded on this route. However, many other commodities such as gold, silver, precious stones, wool, cotton and carpets were also traded on this route. This route also enabled cultural exchanges from one country to another. Many Buddhists, pilgrims and priests travelled on this route in search of spiritual and religious knowledge.

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## Food Travels:

- When people travelled far across the countries, they carried not only their ideas, goods and commodities but also their food and food habits.
- Various food items and seeds were carried from one part of the country to the other. These food items then assumed different names and forms in different countries. For example, it is believed that noodles became spaghetti after they were taken from China to the West.

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## Food Travels:

- Many common and staple foods such as potato, tomatoes, chillies and maize were not known in many countries in the ancient period. These food items were introduced in Asia and Europe after the continent of America was discovered.
- Introduction of these food items changed the lifestyle of Europeans. Europe's poor began to eat better and live longer with the introduction of the potato.



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## Food Travels:



Columbus discovers the sea route to America

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## Conquest, Disease and Trade:

- **Discovery of sea routes and geographical explorations significantly changed the geography and lifestyle of Europeans in particular.**
- **After the discovery of America, its vast lands, minerals and abundant crops changed the lives of people living elsewhere. For example, silver mines in present-day Peru and Mexico financed European trade with Asia.**

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## Conquest, Disease and Trade:

- The Portuguese and the Spanish began to conquer and make inroads into the American continent. They were able to conquer the Americas not because of their superior weapons but because of the germs that they carried along with them.
- The natives of America were cut off from the world and they had no immunity against the diseases which came from Europe. Small pox, to which the Europeans were immune, killed thousands of native Americans and paved the way for the colonisation of America.

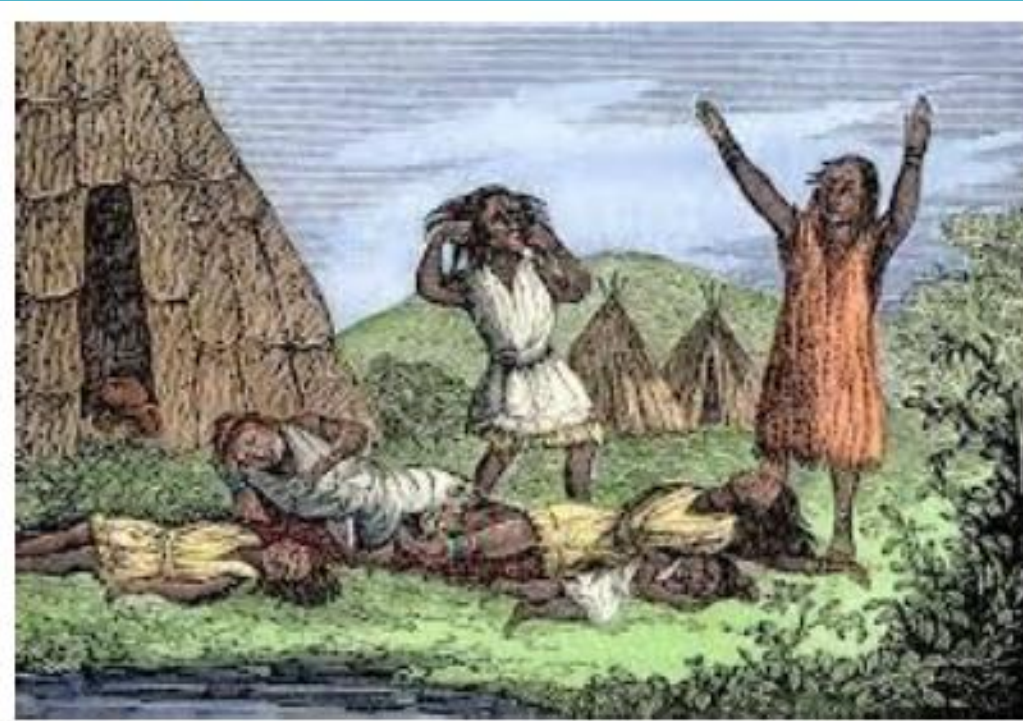
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## Conquest, Disease and Trade:

- Many Europeans migrated to America in order to escape religious persecution and to begin a new life. Many cotton and sugarcane plantations were established in America where several Africans captured as slaves worked. The agricultural and mineral wealth of America began to dominate the world economy.
- India and China were among the richest countries in ancient and medieval times. However, by the beginning of the eighteenth century, their position began to decline and Europe emerged as the centre of world trade.

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## Conquest, Disease and Trade:



A painting depicting the death of Native Americans because of the outbreak of small pox

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## The Nineteenth Century:

There were significant political, cultural and technological changes in the nineteenth century in Europe.

### Changes in Economy

- In the beginning of the nineteenth century, the demand of food grains increased in Great Britain. This increased the prices of food grains. Under pressure from landowners, the Government put a ban on the import of corn, which came to be known as the Corn Laws.

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## The Nineteenth Century:

- This further increased the prices of food grains. This led the Government to scrap the Corn Laws. Thus, food began to be imported into Britain in such large quantities that British agriculture was unable to compete with imports. Many agricultural labourers migrated to cities in search of work.

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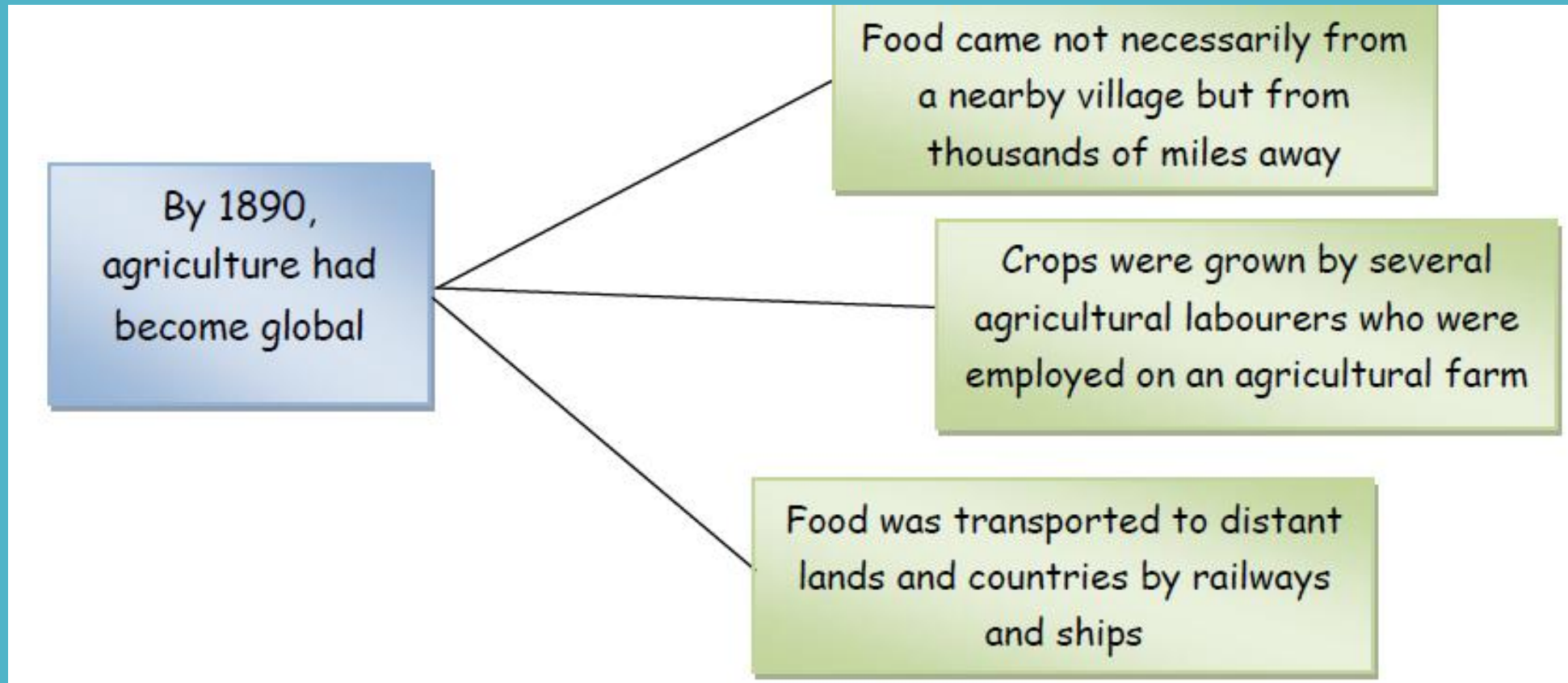
## The Nineteenth Century:

- The reduction in food prices in Britain increased consumption. After the beginning of the Industrial Revolution, the average income rose. Lands were cleared in Eastern Europe, Australia, America and Russia to meet the food demands of Britain. This also led to the development of ports, transport and settlements in these regions.
- Many Europeans also migrated to Australia and America as labour was in short supply and in search of a better future.



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## The Nineteenth Century:



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## The Nineteenth Century:

Technological changes took place in India as well during this time. In west Punjab, canals were built to irrigate large chunks of semi-arid lands. This made the soil fertile and wheat and rice were grown on them for export. Many peasants settled around the newly fertile land and the region came to be known as the **Canal colony**.



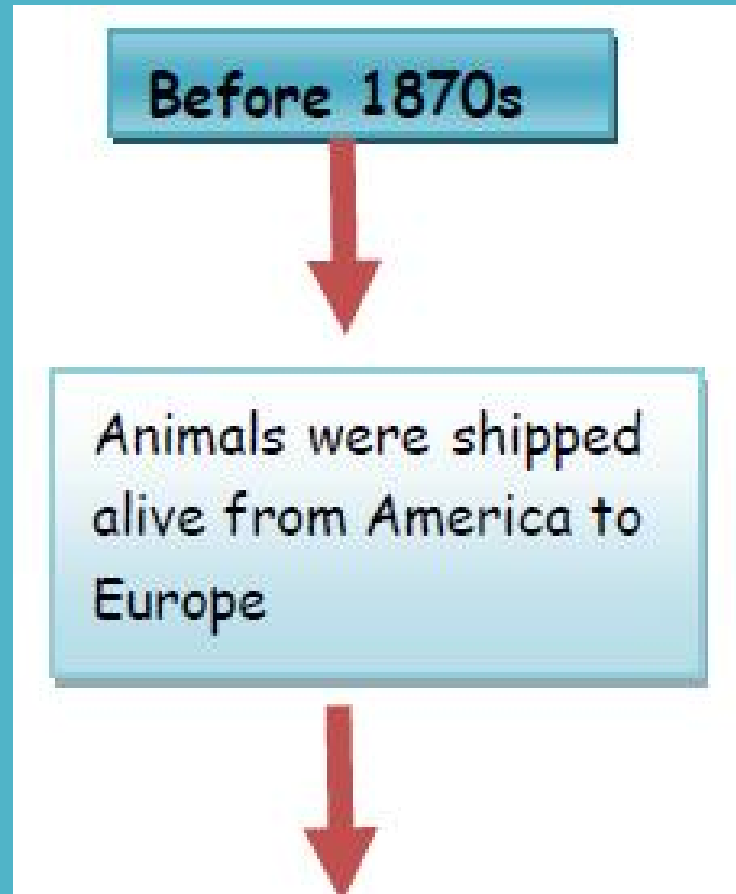
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## Role of Technology:

The railways, steamships and telegraph were some important inventions of the late modern period. These inventions came to be increasingly used in colonies to further help in the transport of food grains and raw materials.

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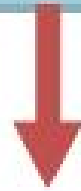
## Role of Technology:



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## Role of Technology:

Animals took a lot of ship space. They were then slaughtered in Europe



Many animals died, fell ill or became unfit for consumption during long journey



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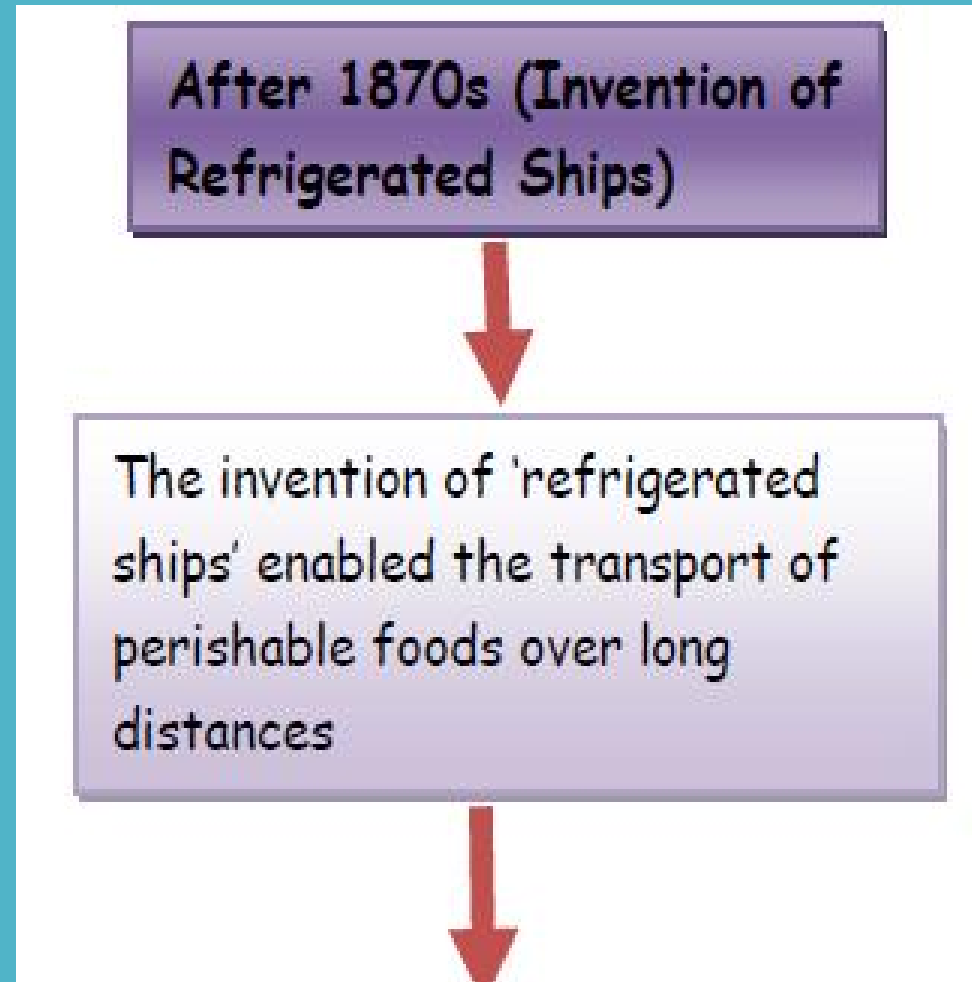
## Role of Technology:



High shipping cost led to high meat price and subsequently resulting in low demand and low production of meat.

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## Role of Technology:




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## Role of Technology:

Animals were now slaughtered from the starting point like America, Australia or New Zealand



Frozen meat was then transported to Europe. Reduced shipping costs reduced prices of meat





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## Role of Technology:



Now, even Poor could also afford meat. This increased consumption, demand, production and trade of meat

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## Role of Technology:

Availability of meat at cheap prices promoted social peace within the country and support for imperialism abroad.

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## Colonialism in the Late 19th Century:

- One negative result of expansion of trade and industrial growth in Europe was the spread of colonialism in many countries of Asia and Africa. The big European nations divided the African continent among each other in 1885 at Berlin. Britain, France, Germany, Belgium and USA were some major African landholders.



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## Colonialism in the Late 19th Century:

- Initially, it became difficult to find labour in Africa. However, several methods were used by the Europeans to recruit and retain labour in Africa. These were:
  - o Heavy taxes were imposed which could be paid only by working for wages on plantations and mines.
  - o Inheritance laws were changed so that peasants were displaced from land. Only one member of a family was allowed to inherit land, as a result of which the others were pushed into the labour market.

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## Colonialism in the Late 19th Century:

- o Mineworkers were also confined in compounds and not allowed to move about freely.
- Later, the spread of a cattle disease called rinderpest killed about 90% of cattle in Africa. This loss of cattle destroyed the African livelihood forcing the Africans to work for European planters and mine owners.

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## Indentured Labour:

An indentured labourer is a form of labour in which a bonded labourer works under contract for an employer for a specific amount of time. The labourer has to pay off his passage or travel expense to a new country or home.



An image showing newly arrived Indian indentured labourers to Trinidad

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## Indentured Labour:

- In the nineteenth century, many indentured labourers were sent from India and China to various regions of the world to work on plantations, mines and in road and railway construction projects.
- The indentured labourers had to sign a contract in which they had to work for five years on their owners plantations before returning to their lands. If they left their jobs before the end of their tenure, the owner had the right to send them to jail.

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## Indentured Labour:

- Most of the indentured labourers came from Uttar Pradesh, central India, Bihar and the dry regions of South India. Many Indian workers migrated to the Caribbean Islands, Mauritius and Fiji. These labourers worked under extremely harsh conditions and did not earn enough. Most of them were recruited by the agents who provided them with false information on the final destination, mode of travelling and living and working conditions. Indentured labour became a new system of slavery.



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## Indentured Labour:

However, even during such harsh working conditions, the indentured workers discovered their own ways of surviving.

- Many of them escaped into the wilds while others developed new forms of individual and collective self-expression, blending different old and new cultural forms.
- ‘Chutney music’, popular in Trinidad and Guyana, is a creative contemporary expression of the post-indenture experience.

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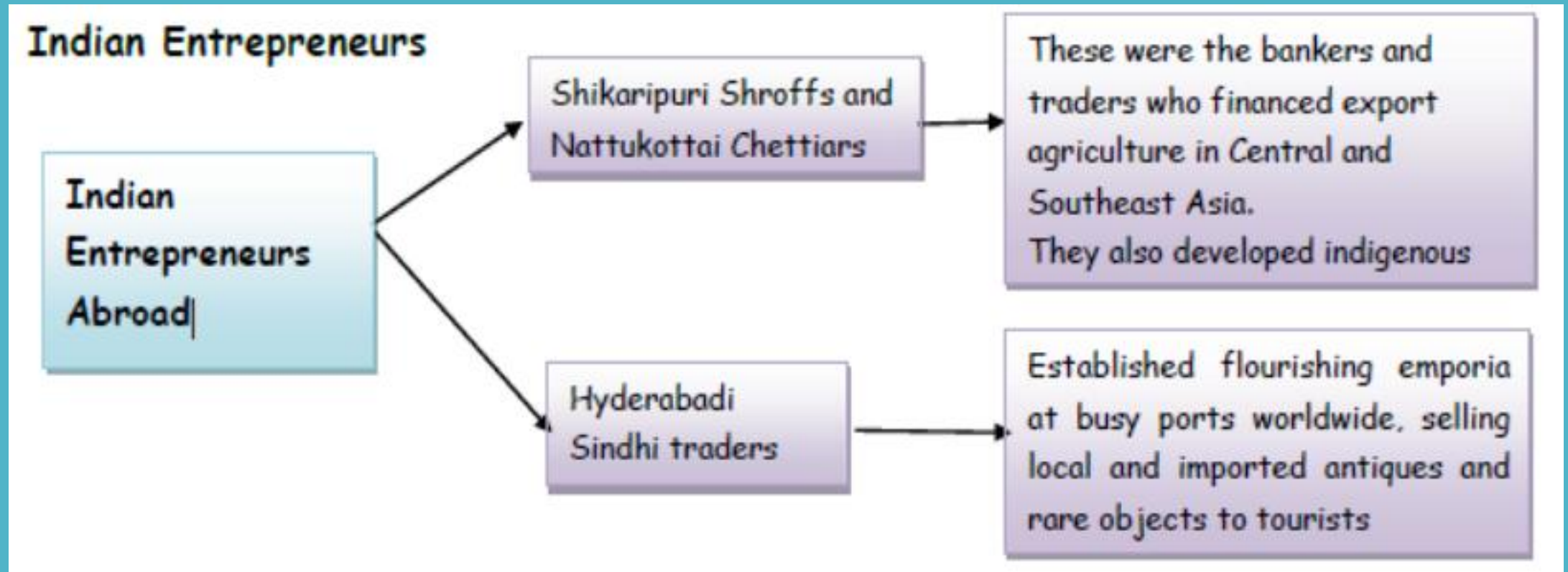
## Indentured Labour:

- In Trinidad the annual Muharram procession was transformed into a riotous carnival called 'Hosay' (for Imam Hussain) in which workers of all races and religions joined.
- Similarly, the protest religion of Rastafarianism (made famous by the Jamaican reggae star Bob Marley) is also said to reflect social and cultural links with Indian migrants to the Caribbean.

From the 1900s India's nationalist leaders began to oppose the system of indentured labour migration as abusive and cruel. It was abolished in 1921.

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## Indian Entrepreneurs:



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## Indian Trade, Colonialism and the Global System:

- The British Government imposed several restrictions on the import of Indian cotton clothes into Britain to protect local industries. The tariff duties however were removed on the British mill- produced cloth imported into India.
- This led to the decline in the Indian textile industries which were not able to face competition from the cheap mill- produced cloth from Britain. The Indian textiles also faced competition from British machine made goods in other international markets.

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## Indian Trade, Colonialism and the Global System:

- While the export of Indian cotton cloth declined, the export of raw materials such as cotton, indigo and opium increased. In India, the value of British exports was higher than that of British imports. Britain thus maintained a favourable balance of trade with India. It helped Britain to balance its trade deficit with other countries, to pay its officers in India, to pay interest on India's external trade and to pay the pensions of the British officials in India. This resulted in the drain of Indian wealth to Britain.

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## The Economy during the First World War:

- The First World War was fought between Britain, France and Russia (later also joined by the USA) on one hand and Germany, Austria–Hungary and Ottoman Turkey on the other hand. The war caused large-scale economic changes in the world.



The First World War saw an increase in the production of weapons.

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## The Economy during the First World War:

- Machine guns, tanks, aircraft and chemical weapons were used on a large scale. During the war, many industries were producing goods related to the war. Women began to work as men went to the battlefield to fight the wars.
- Britain borrowed large sums of money from the banks and the public of the United States. After the end of the war, the citizens of the US had owned more overseas assets than in the US.

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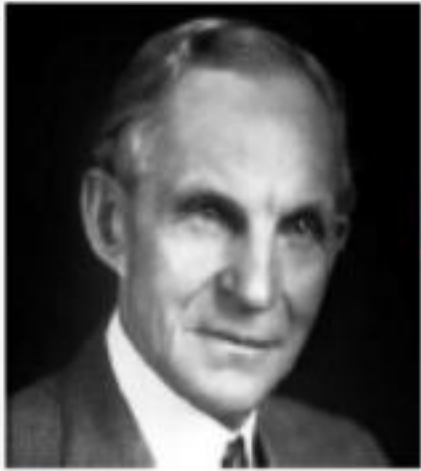
## Post-War Recovery:

- By the end of the war, Britain was heavily in debt. The end of the war led to an increase in unemployment. Production also decreased.
- The revival of wheat production in Canada, America and Australia led to the fall in the prices of wheat. This led to a decline in rural income and high debts for farmers.
- The US was quick to recover from the effects of the First World War.



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## Post-War Recovery:



Sir Henry Ford

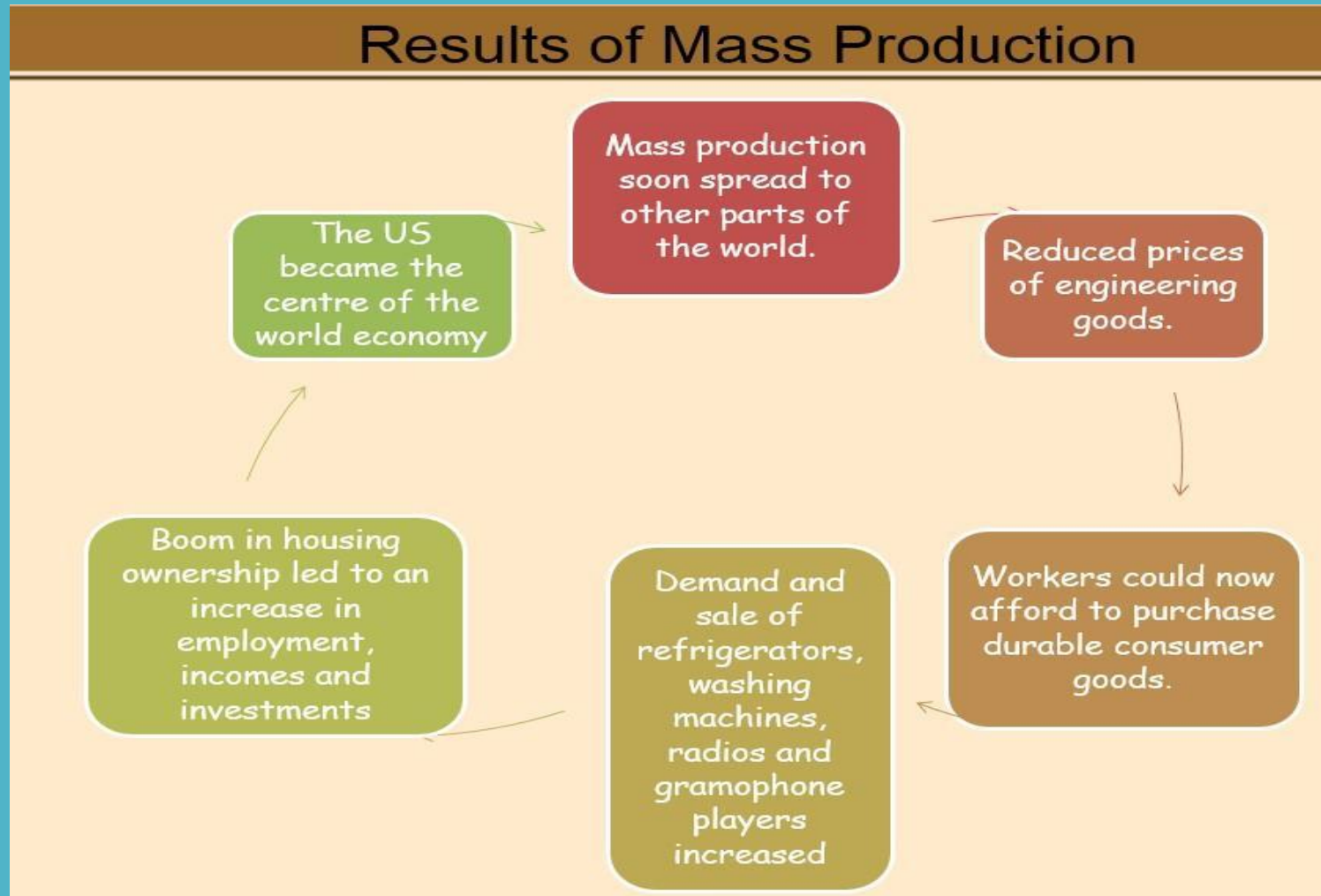


One important feature of the US economy of the 1920s was **mass production**.

- It was started by Sir Henry Ford. He adopted the assembly line of mass production.
- In the assembly line of mass production, workers had to pick and fix manufacturing parts as they came down a conveyor belt.
- The assembly line forced workers to repeat a single task mechanically and continuously. Mass production lowered costs and prices of engineered goods. As a result of higher wages, workers could afford to purchase durable consumer goods.

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## Post-War Recovery:



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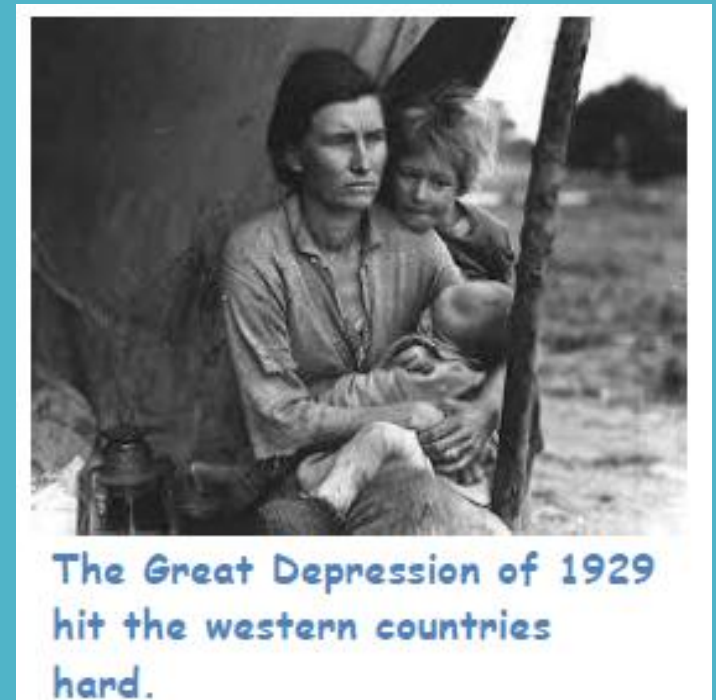
## The Great Depression of 1929-30:

- Countries which depended on US finances faced acute crises. The withdrawal of loans from the US led to the failure of major banks in Europe and the value of the pound deteriorated. The attempts by the US to protect its trading interests by increasing import duties also hit the world markets.

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## The Great Depression of 1929-30:

- The depression also hit the US hard. The conditions of farmers, workers and the middle class worsened.
- Agricultural overproductions, decrease in prices of agricultural goods and the refusal of the USA to grant loans to other countries finally resulted in the Great Depression.



The Great Depression of 1929 hit the western countries hard.

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## Consequences of the Great Depression

The US banks slashed domestic lending

Decrease in household income

Purchasing power of people reduced

Farmers suffered due to low agricultural prices

Reduction in the prices of goods and commodities

Several households and industries were unable to repay loans

The US banking system collapsed

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## The Great Depression – Impact on India:

- Indian trade was hit hard by the Great Depression. India's exports and imports were halved. By 1934, the prices of wheat fell by 50%.
- The prices of food grains declined, but the Government refused to reduce the taxes.
- Peasants who produced commodities for the world market such as cotton and jute suffered great losses. Rural indebtedness increased, and many farmers lost their lands.

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## The Great Depression – Impact on India:

- The depression did not impact urban Indians much. Decrease in the prices of food grains benefited fixed salaried employees. Investments in industries also grew as the Government protected the industries by imposing tariffs under the mounting pressure of the Indian nationalists.

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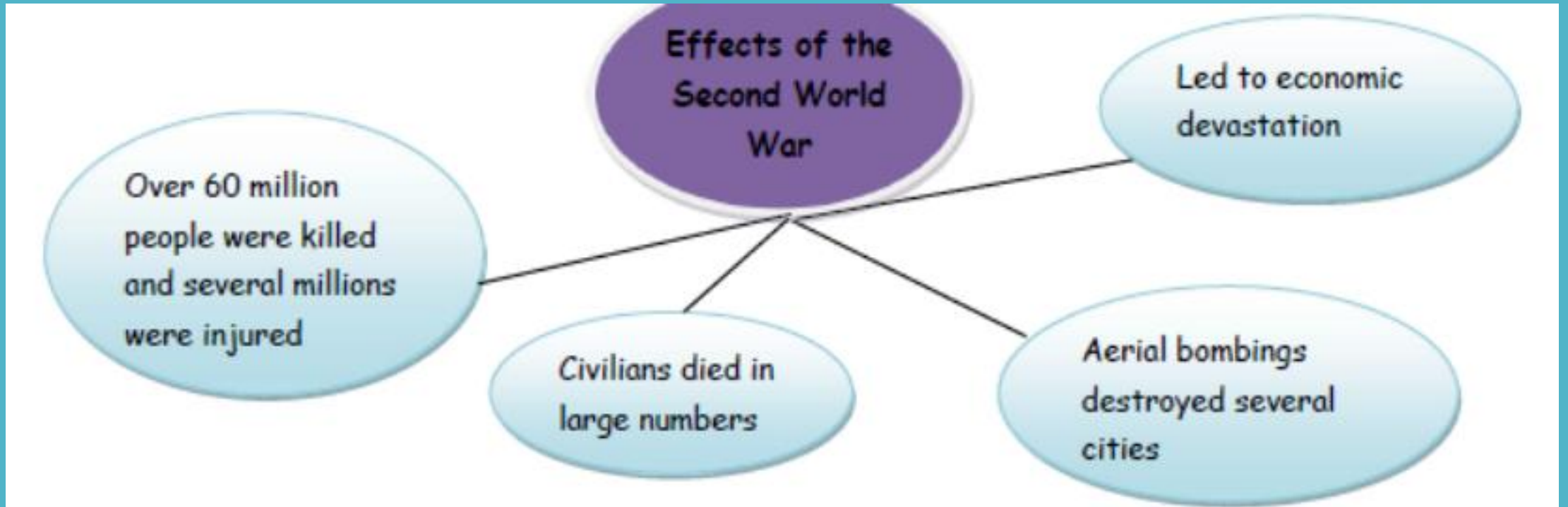
## The Second World War and Recovery:

- The Second World War broke out in 1939. The destruction in this war was larger than the previous war. This war saw the rise of two powerful nations—the United States and the Soviet Union of Russia.



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## The Second World War and Recovery:



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## The Second World War and Recovery:

- The governments of the European and American nations realised that for economic recovery, it is important to preserve economic stability and guarantee full employment to the people. The conference was held at Bretton Woods in USA in 1944 to discuss ways to achieve these aims. This system came to be known as the Bretton Woods system.

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## The Second World War and Recovery:

- International Monetary Fund (IMF) was set up to finance the post-war reconstruction process. The World Bank and the IMF were controlled by the Western powers, especially by the US.
- The Bretton Woods system led to the beginning of growth of trade and income in many western industrial regions and in Japan.

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## The Second World War and Recovery:



The Bretton Conference held at  
Bretton, USA

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## Decolonisation:

- After the end of the Second World War, many Asian and African countries became independent. These countries however emerged poor as these countries were exploited by colonial powers.
- The World Bank and the IMF began to shift their focus towards the development of newly independent nations. However, many western nations also secured the rights to exploit the natural resources of the poor countries and further exploited them.

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## Decolonisation:

- Many developing nations did not benefit from the rapid growth of the western nations, and thus, they organised themselves into a group of 77 or G-77 to demand a new international economic order (NIEO) which could also protect their trading interests in the long term. By NIEO, the third world countries aimed for a system that will give them a control over their own natural resources, development assistance, fairer prices for raw materials and a better access of their goods in the markets of the developed countries.

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## Beginning of Globalisation:

- Because of the rising costs of goods, the US Dollar began to depreciate. This led to the collapse of fixed exchange rates (when the rates of exchange are fixed and the Government interferes in the system to keep them fixed) and the introduction of floating exchange rates (the rates are not fixed as they fluctuate depending on the demand and supply of currencies in the foreign markets; the Government does not control the rates).

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## Beginning of Globalisation:

- The developing countries were forced to borrow money from the western commercial banks and private lending institutions. This increased debt traps, poverty and lower incomes in borrowing countries.
- As the costs of running production and labour became expensive in the western nations, these countries began to shift their centre of production to the Asian and African nations.



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## Beginning of Globalisation:

- The collapse of the Soviet Union brought many socialist countries into the world economic fold.
- Because the wages of workers were extremely low in China, many traders and businessmen set up their industries there.
- The shifting of industries to low-wage countries resulted in larger trade and flow of capital from the developed to the developing nations. Many countries such as China, India, Brazil and the Philippines have seen rapid economic construction and transformation.

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## Beginning of Globalisation:



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