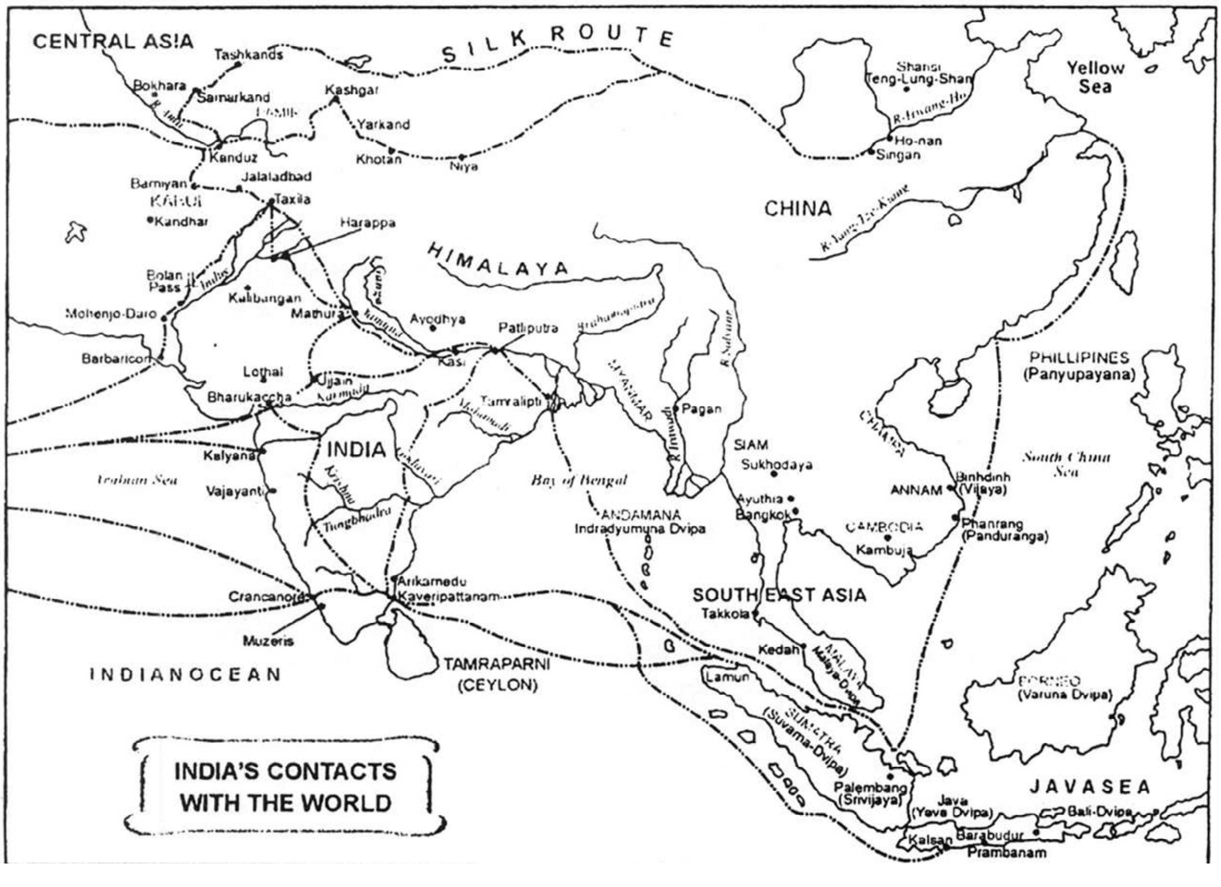
THE MAKING OF A GLOBAL WORLD

CHAPTER COVERAGE

- The Pre Modern Period
- The 19th Century
- The Inter War Economy
- Rebuilding a World Economy : The Post War Era

The Pre-Modern World

(i) Travellers, traders, priests and pilgrims travelled vast distances in search of knowledge, opportunity, spiritual fulfillment or to escape persecution. They carried articles, values and skills, even including diseases.



(ii) The Harappan people used coastal regions for sea trade as early as 3000 B.C. They traded with Mesopotamia and for centuries, cowries or seashells from the Maldives were used as form of currency between China and East Africa.

(iii) India's global link was firmly established by the thirteenth century.

◈ Silk Routes Link the World :

(i) The silk routes are a good example of vibrant pre-modern trade and cultural links between distant parts of the world.

(ii) Historians have identified several silk routes, over land and by sea, knitting together vast regions of Asia and linking Asia with Europe and northern Africa. They are known to have existed since before the Christian Era and thrived almost till the fifteenth century.

(iii) Trade and cultural exchange always west hand in hand. Christian missionaries and Muslim preachers travelled this route to Asia. Buddhism emerged from eastern India to spread in several directions through intersecting points on the silk routes.

◈ Food Travels : Spaghetti and Potato :

(i) Food offers many examples of long distance cultural exchange. Traders and travellers introduced new crops to the lands they travelled. Noodles travelled west from China to become spaghetti. Arab traders took pasta to fifth-century Sicly, an island now in Italy.

(ii) some of India's favourite food items like potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes, etc., originally belonged to the Americas, which was accidently discovered by Christopher Columbus. These crops were commonly grown in North America, South America and the Caribbean islands.

(iii) The introduction of certain crops served as life savers. The Europe's poor were benefitted from the introduction of potatoes with good nutrients and health. They became so dependent on Potatoes that thousands in Ireland perished in 1840's during the Irish Potato Famine.

◈ Conquest, Disease and Trade :

(i) The pre-modern world shrank greatly in the sixteenth century after European sailors found a sea route to Asia and also successfully crossed the western ocean to America. For centuries before, the Indian Ocean had known a bustling trade. The entry of the Europeans helped expand or redirect some of these flows towards Europe.

(ii) From the sixteenth century, America's vast lands and abundant crops and minerals began to transform trade and lives everywhere.

(iii) Mining of precious metals from present day Peru and Mexico, enhanced Europe's wealth and financed its trade with Asia. legends spread in seventeenth-century Europe about South America's fabled wealth. many expeditions set off in search of El Dorado, the fabled city of gold.

(iv) European conquest was not just a result of superior firepower. Most powerful weapon of the Spanish conquerors was the germs such as those of smallpox that they carried on their person. Because of their long isolation, America's original inhabitants had no immunity against these diseases. Smallpox, once introduced spread deep into the continent, ahead even of any Europeans reaching there, it killed and decimated whole communities, paving the way for conquest.

(v) Poverty, Hunger, Crowded cities, deadly diseases, Religious conflicts and prosecution of religious dissenters forced thousands of Europeans to flee Europe for America.

(vi) From the fifteenth century, China restricted overseas contacts and retreated into isolation. China's reduced role and the rising importance of the Americas gradually moved the centre of world trade westwards. Europe now emerged as the centre of would trade.

➢ The Nineteenth Century (1815-1914)

(i) In the nineteenth century economic, political, social, cultural and technological factors interacted in complex ways to transform societies and reshape external relations.

(ii) Economists identify three types of movement or 'flows' within international economic exchanges. The first is the flow of trade (referred largely to trade in goods), the second is the flow of labour and the third is the movement of capital. All three flows were closely interwoven and affected people's lives more deeply now then ever before.

❖ A World Economy Takes shape :

(i) Pattern of food production and consumption in industrial Europe changed. Traditionally, countries linked to be self-sufficient in food. But in nineteenth-century Britain, self-sufficiency in food meant lower living standards and social conflict.

(ii) Population growth from the late eighteenth century had increased the demand for food grains in Britain, pushing up food grain prices, Under pressure from landed groups, the government restricted the import of corn, the laws allowing the government to do this were commonly known as "Corn Laws". Unhappy with high food prices, industrialists and urban dwellers forced the abolition of the Corn Laws. After the Corn Laws were scrapped, import of food was cheaper than producing it in the country itself. it resulted in farmers leaving their land uncultivated, thousands of men and women thrown out of work flocked to the cities or migrated overseas.

(iii) From the mid nineteenth century, faster industrial growth in Britain also led to higher incomes, and therefore more food imports. Around the world-in Eastern Europe, Russia, America and Australia-lands were cleared and food production expanded to meet the British demand.

(iv) Transportation has to be improved, people had to settle on the lands to bring them under cultivation. this meant building homes and settlements. All these activities in turn required capital and labour. Capital flowed from financial centres such as London.

(v) In mid-nineteenth century nearly 50 million people emigrated from Europe to America and Australia. All over the world some 150 million are estimated to have left their homes, crossed oceans and vast distances over land in search of a better future.

By 1890, a global agricultural economy had taken shape. Food no longer came from a nearby village or town, but from thousands of miles away. It was grown by a peasant working on a large farm, was transported by railway and ships from southern Europe, Asia Africa and the Caribbean. The British Indian government in Punjab built a network of irrigation canals to transform semi-desert wastes into fertile agricultural lands that could grow wheat and cotton for export. The Canal colonies, as the areas irrigated by the new canals were called, were settled by peasants from other parts of Punjab.

So rapidly did regional specialisation in the production of commodities (cotton and rubber) developed that between 1820 and 1914 world trade is estimated to have multiplied 25 to 40 times. Nearly 60 percent of this trade comprised 'Primary products' - such as wheat and cotton, and minerals such as coal.

❖ Role of Technology :

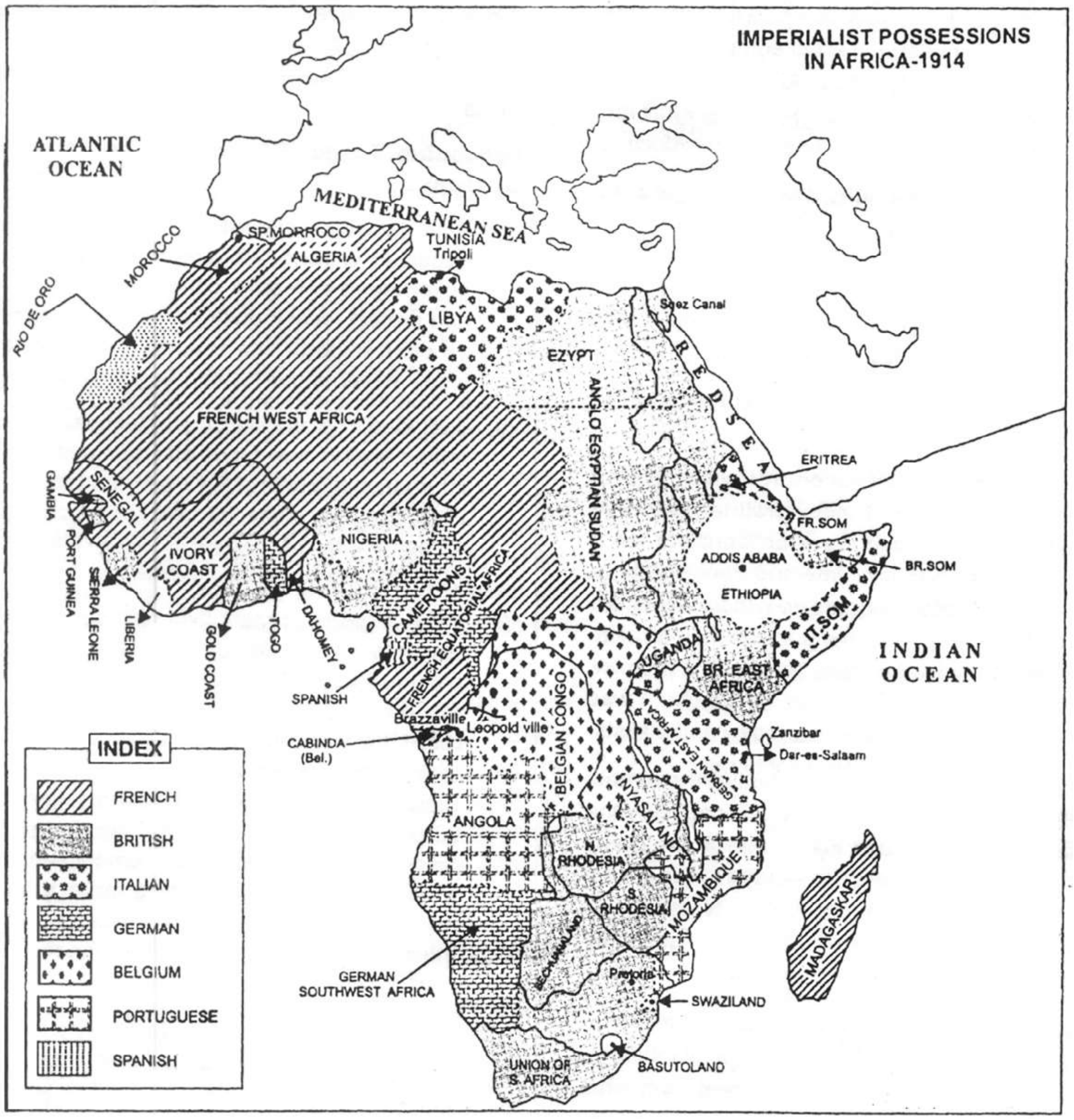
(i) Transformation of the world economy : Railways, steam ships, telegraph – were important inventions which transformed nineteenth-century world. Colonisation stimulated new investments and improvements in transport; faster railways, lighter wagons and larger ships helped move food more cheaply and quickly from faraway farms to final markets.

(ii) Impact on the meat trade : Till the 1870s, meat from America was shipped to Europe in the form of live animals which were then slughtered in Europe. But live animals took up a lot of ship space, many also died in voyage, fell ill, lost weight, or became unfit to eat. A new technology namely, refrigerated ships enabled the transport of perishable foods over long distance. Now animals were slaughtered at the starting point and then transported to Europe as frozen meat. This reduced shipping costs and lowered meat prices in Europe. The poor in Europe could now consume a more varied diet. Better living conditions promoted social pace within the country and support for imperialism abroad.

❖ Late Nineteenth - Century Colonialism :

(i) In many parts of the world, the expansion of trade and a closer relationship with the world economy also meant a loss of freedoms and livelihoods. Late nineteenth century European conquests produced many painful economic, social and ecological changes through which the colonised societies were brought into the world economy. In 1885 the big European powers met in Berlin to complete the carving up of Africa between them.

(ii) Britain and France made vast additions to their overseas territories in the late nineteenth century. Belgium, Germany and US became new colonial power.



❖ Rinderpest, or the Cattle Plague :

Africa had abundant land and a relatively small population. For centuries, land and livestock sustained African livelihoods and people rarely worked for a wage. In the late nineteenth century, Europeans were attracted to Africa due to this vast resources of land and minerals, hoping to establish plantations and mines to produce crops and minerals for export to Europe. But there was an unexpected problems - a shortage of labour willing to work for wages. To recruit and retain labour, heavy taxes were imposed which could be paid only by working for wages on plantations and mines. Inheritance laws were changed so that peasants were displaced from land: only member of a family was allowed to inherit land, as a result of which the others were pushed into the labour market.

Rinderpest arrived in Africa in the late 1880s. It was carried by infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa. Entering Africa in the east, rinderpest moved west 'like forest fire', reaching Africa's Atlantic coast in 1892. It reached the Cape (Africa's southernmost tip) five years later. Along the way rinderpest killed 90 percent of the cattle. The loss of cattle destroyed African livelihoods. Control over scarce resource of cattle enabled European colonizers to conquer and subdue Africa.

◈ Indentured labour Migration from India :

There were two-sided features of the nineteenth century world -

(i) Faster economic growth, higher incomes and technological advances in some areas.

(ii) The increasing poverty and exploitation of colonies.

An important form of exploitation in the nineteenth century was the practice of indentured labour. They were bonded labours who were on contract for a specific amount of wage and time and transferable to any countries. Most of the labours from India were from Uttar Pradesh, Bihar, Central India and certain districts of Tamil Nadu. They were mostly hired with a promise of a return passage after five years of service. It was abolished only in 1921 due to pressure by nationalists.

The main destinations of Indian indentured migrants were the Caribbean islands (mainly Trinidad, Guyana and Surinam) Mauritius and Fiji. Closer home, Tamil migrants went to Ceylon and Malaya. Indentured workers were also recruited for tea plantations in Assam. Recruitment was done by agents engaged by employers and paid a small commission.

Nineteenth-century indenture has been described as a 'new system of slavery'. On arrival at the plantations, labourers found conditions to be different from what they had imagined. Living and working conditions were harsh, and there were few legal rights.

◆ **Surviving methods discovered by the workers :**

New forms of individual and collective self-expression blending different cultural forms were developed. In Trinidad the annual Muharram procession was transformed into a riotous carnival called 'Hosay'. The protest religion of Rastafarianism is also said to reflect social and cultural links with Indian migrants to the Caribbean. 'Chutney music', popular in Trinidad and Guyana, is another creative contemporary expression of the post-indenture experience. These forms of cultural fusion are part of the making of the global world, where things from different places get mixed, lose their original characteristics and become something entirely new.

◈ Indian Entrepreneurs Abroad :

Growing food and other crops for the world market required capital. Many Indian groups of bankers and traders like Shikaripuri Shroffs and Nattukottai Chettiars, financed export agriculture in Central and Southeast Asia, using either their own funds or those borrowed from European banks. They had a sophisticated system to transfer money over large distances, and even developed indigenous forms of corporate organisation. Indian traders and moneylenders also followed European colonisers into Africa.

◈ Indian Trade, Colonialism and the Global System :

(i) With industrialisation, British cotton manufacture began to expand, industrialists pressurised the government to restrict cotton imports into Britain and protect local industries. Tariffs were imposed on cloth imports into Britain. Consequently, the inflow of fine Indian cotton began to decline.

(ii) Excluded from the British market by tariff barriers, Indian textiles now faced stiff competition in other international markets. Share of the Indian textiles declined from some 30 percent around 1800 to 15 percent by 1815. By the 1870s this proportion had dropped to below 3 percent.

(ii) While exports of manufactures declined rapidly, export of raw materials (raw Cotton, Indigo and Opium) increased equally fast. Food grain and raw material exports from India to Britain and the rest of the world increased. But the value of British exports to India was much higher than the value of British imports from India. Thus Britain had a 'trade surplus' with India. Britain used this surplus to balance its trade deficits with other countries from which Britain was importing more than it was selling to. By helping Britain balance its deficits, India played a crucial role in the late-nineteenth-century world economy.

(iv) Britain's trade surplus in India also helped pay the so-called 'home charges' that included private remittances home by British officials and traders, interest payments on India's external debt, and pensions of British officials in India.

➤ The Inter War Economy

The first World War (1914-18) was mainly fought in Europe. But its impact was felt around the world. During this period the world experienced widespread economic and political instability, and another catastrophic war.

◈ Wartime Transformations :

The First World War was fought between two power blocs. The Allies - Britain, France and Russia (later joined by the US) and the Central Powers - Germany, Austria-Hungary and Ottoman Turkey.

(i) The fighting involved the world's leading industrial nations which now harnessed the vast powers of modern industry to inflict the greatest possible destruction on their enemies.

(ii) It was the first modern industrial war which saw the use of machine guns, tanks, aircraft, chemical weapons, etc. on a massive scale. The scale of death and destruction was unthinkable (9 million dead and 20 million injured). These deaths and injuries reduced the able-bodied workforce in Europe, household incomes declined after the war.

(iii) Industries were restructured to produce war-related goods. Entire societies were also reorganised for war - as men went to battle, women stepped in to undertake jobs that earlier only men were expected to do.

(iv) The war led to the snapping of economic links between some of the world's largest economic powers which were now fighting each other to pay for them. The war transformed the US from being an international debtor to an international creditor.

◈ Post - War Recovery :

(i) Britain faced a prolonged crisis. After the war Britain found it difficult to recapture its earlier position of dominance in the India market, and to compete with Japan internationally. Britain was burdened with huge external debts.

(ii) The war had led to an economic boom. When the war boom ended, production contracted and unemployment increased. These developments led to huge job losses - in 1921 one in every five British workers was out of work. Indeed, anxiety and uncertainty about work became an enduring part of the post-war scenario.

(iii) Many agricultural economies were also in crisis. During the war, wheat production in Canada, America and Australia expanded dramatically. But once the war was over, production in eastern Europe revived and created a glut in wheat output. Grain prices fell, rural incomes declined, and farmers fell deeper into debt.

❖ Rise of Mass production and consumption :

The US economy resumed its strong growth in the early 1920s. One important feature of the US economy of the 1920s was mass production.

A well known pioneer of mass production was the car manufacturer Henry Ford. He adapted the assembly line of a Chicago slaughterhouse to his new car plant in Detroit. He realised that the 'assembly line' method would allow a faster and cheaper way of producing vehicles. The assembly line forced workers to repeat a single task mechanically and continuously - such as fitting a particular part to the car - at a pace dictated by the conveyor belt. As a result, Henry Ford's cars came off the assembly line at three-minutes intervals, a speed much faster than that achieved by previous methods. At first workers could not control the pace of work. So they quit in large numbers. In desperation Ford doubled the daily wage to $ 5 in January 1914. He recovered the high wage by repeatedly speeding up the production line and forcing workers to work ever harder. Thanks to higher wages, more workers could now afford to purchase durable consumer goods. There was a spurt in the purchase of refrigerators, washing machines, radios, gramophone players, house construction and home ownership, all through a system of 'hire purchase'.

The housing and consumer boom of the 1920s created the basis of prosperity in the US. In 1923, the US resumed exporting capital to the rest of the world and became the largest overseas lender. US imports and capital exports also boosted European recovery and world trade and income growth over the next six years.

❖ The Great Depression :

The Great Depression began around 1929 and lasted till the mid- 1930s. The world experienced catastrophic declines in production, employment, incomes and trade. Agricultural regions and communities were the worst affected. The depression was caused by a combination of several factors.

(i) Agricultural overproduction remained a problem, which became worse with falling agricultural prices. As prices slumped farmers tried to expand production to maintain their overall income, pushing down prices even further. Farm produce rotted for a lack of buyers.

(ii) In the mid - 1920s, Many countries financed their investments through loans from the US. US overseas lenders panicked at the first sign of trouble and withdrew their money from the market. Countries that depended crucially on US loans now faced an acute crisis. The withdrawal of US loans affected much of the rest of the world. In Europe it led to the failure of some major banks and the collapse of currencies. The US attempt to protect its economy in the depression by doubling import duties also dealt another severe blow to world trade.

(iii) With the fall in prices and the prospect of a depression, US banks had also slashed domestic lending and called back loans. Faced with falling incomes, many households in the US could not repay what they had borrowed, and were forced to give up their homes, cars and other consumer durables. As unemployment soared, people trudged long distances looking for any work they could find. Ultimately, the US banking system itself collapsed.

◈ India and the Great Depression :

(i) The depression immediately affected Indian trade. India's exports and imports nearly halved between 1928 and 1934. As international prices crashed, prices in India also plunged.

(ii) Peasants and farmers suffered more than urban dwellers. Peasants producing for the world market were the worst hit. Peasants who borrowed in the hope of better times or to increase output in the hope of higher income face ever lower prices, and fell deeper and deeper into debt.

(iii) In these depression years, India became an exporter of precious metals, notably gold. This certainly helped speed up Britain's recovery, but did little for the India peasant.

(iv) The depression proved less grim for urban India. Because of falling prices, those with fixed incomes - say town-dwelling landowners who received rents and middle-class salaried employees - now found themselves better off.

➢ Rebuilding a world economy : The post war era

The second world war started in 1939 and continued upto 1945. The two warring camps were :

(i) The Allies consisting of Britain, France, Russia and the U.S.A.

(ii) The Axis Power consisting of Germany, Italy and Japan.

Once again death and destruction was enormous. At least 60 million people are believed to have been killed, directly or indirectly, as a result of the war. Millions more were injured. Many more civilians than soldiers died from war-related causes. Vast parts of Europe and Asia were devastated, and several cities were destroyed by aerial bombardment or relentless artillery attacks. The war caused an immense amount of economic devastation and social disruption. Two crucial influences shaped post-war reconstruction. The first was the US's emergence as the dominant economic, political and military power in the Western world. The second was the dominance of the Soviet Union.

◈ Post-war Settlement and the Bretton Woods Institutions :

Main aim of the post-war international economic system was to preserve stability and full employment in the industrial world. its framework was agreed upon at the United nations Monetary and Financial Conference held in July 1944 at Bretton Woods in New Hampshire, USA. It established the International Monetary Fund (IMF) to deal with external surpluses and deficits of its member nations. The International Bank for Reconstruction and Development was set up to finance post-war reconstruction. The IMF and the World Bank are referred to as the Bretton Woods institutions or sometimes the Bretton Woods twins. The post - war international economic system is also often described as the Bretton Woods system. IMF and the World Bank commenced financial operations in 1947. Decision making in these institutions is controlled by the Western Industrial powers. The US has an effective right of veto over key IMF and World Bank decisions. The Bretton Woods system was based on fixed exchange rates. In this system, national currencies, were pegged to the dollar at a fixed exchange rate. The dollar itself was anchored to gold at a fixed price of $ 35 per ounce of gold.

◈ The Early Post-War Years :

(i) The Bretton Woods system brought immense trade and incomes for the Western industrial nations and Japan. The annual growth was recorded at an average of 8 percent between 1950s and 1970s and incomes at nearly 5 percent. The growth was also mostly stable, without large fluctuations. Unemployment rate averaged less than 5 percent inmost industrial countries.

(ii) The period also witnessed worldwide spread of technology and enterprise. Developing countries invested

vast amounts of capital, improving industrial plant and equipment featuring modern technology.

◈ Decolonisation and Independence :

(i) Over the next two decades of the Second World War, most colonies in Asia and Africa emerged as free, independent nations, overburdened by poverty and a lack of resources, and their economies and societies were handicapped by long periods of colonial rule. From the late 1950s the Bretton Woods institutions began to shift their attention more towards developing countries. As newly independent countries came under the guidance of international agencies dominated by the former colonial powers, the former colonial powers controlled vital resources such as minerals and land in many of their former colonies. Large corporations of other powerful countries often managed to secure rights to exploit developing countries' natural resource very cheaply.

(ii) Most developing countries did not benefit from the fast growth the Western economies experienced in the 1950s and 1960s. Therefore they organised themselves as a group - the Group of 77 (or G-77) to demand a New International Economic Order (NIEO). NIEO meant a system that would give them real control over their natural resources, more development assistance, fairer prices for raw materials, and better access for their manufactured goods in developed countries' markets.

◈ End of Bretton Woods and the Beginning of 'Globalisation' :

(i) After 1960s, US was no longer the dominant economic power as it had been for more than two decades. The US dollar now no longer commanded confidence as the world's principal currency. The dollar could not maintain its value in relation to gold. Eventually leading to the collapse of the system of fixed exchange rates and the introduction of a system of floating exchange rates.

(ii) From the mid-1970s the international financial system also changed. Developing countries were forced to borrow from Western commercial banks and private lending institutions. This led to periodic debt crisis in the developing world, and lower incomes and increased poverty, especially in Africa and Latin America.

(iii) The industrial world was also hit by unemployment that began rising from the mid-1970s and remained high until the early 1990s. From the late 1970s, MNCs also began to shift production operations to low-wage Asian countries.

(iv) New economic policies in China and the collapse of the Soviet Union and Soviet style communism in Eastern Europe brought many countries back into the fold of the world economy. Wages were relatively low in countries like China. They became attractive destinations for investment by foreign MNCs competing to capture world markets.

(v) The relocation of industry to low-wage countries stimulated world trade and capital flows. Countries such as India, China and Brazil have undergone rapid economic transformation.

GLOSSARY

1. **Global (world wide) :** Involving all countries of the globe.
2. **Globalisation :** Integrating economy of a country with the economies of other countries under condition of free flow of trade, capital and labour.
3. **Cowries :** A Hindi word meaning sea shells. These are used in ancient world as form of currency.
4. **Silk Route :** Route taken by traders to carry silk cargos from China to the west.
5. **Spaghetti :** A type of noodle popular in Italy.
6. **El Dorado :** Imaginary land of great wealth fabled land of gold.
7. **Plantation :** Estate for cultivation of cash crops like tea, coffee, cotton, tobacco, sugarcane etc.
8. **Corn Laws :** British laws which imposed restrictions on the import of corn.
9. **Ecology :** Study of organisms in relation to one another and to their surroundings.
10. **The canal Colonies :** The colonies/areas irrigated by new canals, where peasants from different parts of Punjab settled.
11. **Rinderpest :** Cattle Plague - A fast spreading disease among cattle.
12. **Rastafaria :** A Jamaican sect, the members of which regarded blacks as the chosen people.
13. **Chutney Music (Popular music in Trianidad) :** Supposed to be the result of cultural fusion.
14. **Entrepreneur :** One who undertakes commercial enterprise with chance of profit or loss. Start enterprise by himself/herself at his/her own risk.
15. **Hosay :** A riotous carnival in Trinidad when workers of all races and religions join to celebrate.
16. **Coolie :** Unskilled native labourers. Indentured Indian labourers were often referred to as coolie in Trinidad.
17. **Indigo :** Deep violet blue colour.
18. **Allies :** Before the first world war, Britain, France and Russia formed an alliance and fought together in the first World War. Together they were known as Allies.
19. **Central Power :** An alliance formed by Germany, Austria-Hungary, Italy, Later Turkey, Fought together in the First World War. Together they were know as Allies.
20. **Axis-Power :** Germany, Italy, Austria, Turkey were known as Axis powers during the Second World War.
21. **IMF :** International monetary fund.
22. **NIEO :** New International Economic order.