Class 10th

HISTORY

# MAKING OF GLOBAL WORLD

## 1. THE PRE-MODERN WORLD

**Globalisation→** refers to an economic system associated with the free movement of goods, technology, ideas and people across the globe.

→ Around 3000 BCE coastal trade linked the Indus valley civilisations with present-day West Asia.

→ Cowries or cowdi or seashells, used as a form of currency

**Silk Routes Link the World**

- The silk routes are a good example of vibrant pre-modern trade and cultural links between distant parts of the world
- The name 'silk routes' points to the importance of West-bound Chinese silk cargoes along this route.
- There are several silk routes, over land and by sea, knitting together vast regions of Asia, and linking Asia with Europe and northern Africa.

**Food Travels: Spaghetti and Potato**

- Noodles travelled west from China to become spaghetti.
- Arab traders took pasta to 5th century Sicily, an island now in Italy
- Common foods such as potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes were only introduced in Europe and Asia after Christopher Columbus discovered Americas.

**Conquest, Disease and Trade**

- Precious metals from mines of Peru and Mexico enhanced European trade with Asia.
- Many expeditions set off in search of El Dorado→ the fabled city of gold.
  The Spanish conquerors used the germs of smallpox in the conquest of America.

## 2. THE NINETEENTH CENTURY (1815-1914)

- The world changed profoundly in the nineteenth century.
- Economists identify three types of movement or 'flows' within international economic exchanges.
  - ♦ The first is the flow of trade which in the 19th century referred largely to trade in goods (e.g. cloth or wheat).
  - ♦ The second is the flow of labour – the migration of people in search of employment.
  - ♦ The third is the movement of capital for short-term or long-term investments over long distances
  - ♦ All 3 flows were closely interwoven and affected peoples' lives more deeply now than ever before.

**A World Economy Takes Shape**

- In 19th century Britain, self-sufficiency in food meant lower living standards and social conflict.
- In the late 18th century, growth in the population increased the demand for food grains in Britain.
- Under pressure from landed groups, the government also restricted the import of corn. The laws allowing the government to do this were commonly known as the **<u>'Corn Laws'</u>**
- Unhappy with high food prices, Industrialists and urban dwellers forced the abolition of the Corn Laws.
- After the Corn Laws were scrapped→ Imported food in Britain became cheaper than it could be produced within the country
- From the mid-19th 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.
- Nearly 50 million people emigrated from Europe to America and Australia in the nineteenth century

**Role of Technology**

- The railways, steamships, the telegraph were important inventions that transformed nineteenth-century world.
- After the introduction of new technology, namely, refrigerated ships which enabled the transport of perishable foods over long distances.
- Now animals were slaughtered for food at the starting point – in America, Australia or New Zealand – and then transported to Europe as frozen meat. This reduced shipping costs and lowered meat prices in Europe.

**Late nineteenth-century Colonialism**

- Trade flourished and markets expanded in the late 19th century.
- European conquests of Asia and Africa as colonies.
- Belgium and Germany became new colonial powers.
- The US became a colonial power in the late 1890s by taking over some colonies earlier held by Spain.
- There was a darker side to this process. 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

**Rinderpest, or the Cattle Plague**

- Rinderpest is a fast spreading cattle plague which hit Africa in the 1890s.
- 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 % of the cattle.
- The colonial governments now strengthen their power and to force Africans into the labour market.

**Indentured Labour Migration from India**

- Indentured Labour was a bonded labourer under contract to work for an employer for a specific amount of time, to pay off his passage to a new country or home.

- In the nineteenth century, thousands of Indian and Chinese labourers went to work on plantations, in mines, and in road and railway construction projects around the world.
- Recruitment was done by agents by providing false information about the work and location.
- On arrival at the plantations, labourers found living and working conditions harsh. It was abolished in 1921.

**Indian Entrepreneurs Abroad**

- Indian entrepreneurs, some bankers like Nattukottai and Chettiars financed export of agriculture to Central and South-East Asia.
- Indian traders and moneylenders also followed European colonisers into Africa.
- Hyderabadi Sindhi traders, however, ventured beyond European colonies.
- Industrial Revolution in England changed the balance of trade between England and India.
- Indian handicraft and agriculture were destroyed and Britain enjoyed a trade surplus with India.
- Their exports increased and imports decreased.

**Indian Trade, Colonialism and the Global System**

- Historically, fine cottons produced in India were exported to Europe.
- With industrialisation, British cotton manufacture began to expand & import of Indian cottons restricted
- Tariffs were imposed on cloth imports into Britain. Consequently, the inflow of fine Indian cotton began to decline.
- Exports from India, we see a steady decline of the share of cotton textiles from some 30 per cent around 1800 to 15 per cent by 1815.
- By the 1870s this proportion had dropped to below 3 per cent

**3. The Inter-war Economy**

- The First World War (1914-18) was mainly fought in Europe. But its impact was felt around the world.
- On the one side were the Allies – ***Britain, France and Russia (later joined by the US);*** and on the opposite side were the Central Powers – Germany, Austria-Hungary and Ottoman Turkey.
- The First World War was the first modern industrial war. It saw the use of machine guns, tanks, aircraft, chemical weapons, etc. on a massive scale.
- The scale of death and destruction – 9 million dead and 20 million injured – was unthinkable before the industrial age, without the use of industrial arms.
- The war transformed the US from being an international debtor to an international creditor.

**Post-war Recovery**

- Post-war economic recovery proved difficult.
- Britain faced a prolonged crisis.
- While Britain was preoccupied with war, industries had developed in India and Japan industries had developed in India and Japan.
- The war had led to an economic boom, that is, to a large increase in demand, production and employment. When the war boom ended, production contracted and unemployment increased

**Rise of Mass Production and Consumption**

- In the US, war recovery was quicker.
- 'Assembly line' method introduced by Henry Ford soon spread to the US and were also widely copied in Europe in the 1920s.
- Mass production lowered the costs and prices of engineered goods.
- There was a housing and consumer boom in the 1920s, which ultimately led to the Great Depression of 1929.
- Markets crashed in 1929 and led to the failure of banks and the crisis affected other countries.
- By 1933, over 4000 banks closed and between 1929-32 about 110,000 companies collapsed.

**India and the Great Depression**

- India was also affected by the Great Depression.
- Indian exports and imports declined extensively, prices fell.
- Bengal jute growers suffered the most.
- Large scale migration took place from villages to towns and cities.

**4. Rebuilding a World Economy: The Post-war Era**

- The Second World War broke out two decades after the end of the First World War and once again, it led to destruction.
- Fought between the Axis powers (mainly Nazi Germany, Japan and Italy) and the Allies (Britain, France, the Soviet Union and the US.
- Once again death and destruction was enormous. At least 60 million people, or about 3 % of the world's 1939 population, are believed to have been killed, directly or indirectly, as a result of the war.
- Two crucial influences shaped post-war reconstruction→
  1. The first was the US's emergence as the dominant economic, political and military power in the Western world.
  2. The second was the dominance of the Soviet Union

**Post-war Settlement and the Bretton Woods Institutions**

- To ensure a stable economy a framework was agreed upon at the United Nations Monetary and Financial Conference held at Bretton Woods in New Hampshire, USA.
- It established →
  - ♦ International Monetary Fund (IMF) to deal with external surpluses and deficits of its member nations
  - ♦ The International Bank for Reconstruction and Development (known as the World Bank) was set up to finance post-war reconstruction.
- The IMF and the World Bank are referred to as the Bretton Woods institutions or Bretton Woods twins.
- The IMF and the World Bank commenced financial operations in 1947.
- Bretton Woods System was based on a fixed exchange rate.
- National currencies were pegged to the American dollar at a fixed rate.
- Decision-making in these institutions is controlled by the Western industrial powers largely by the US.

**The Early Post-war Years**

- World trade grew annually at over 8 per cent between 1950 and 1970 and incomes at nearly 5 per cent.
- For much of this period the unemployment rate, for example, averaged less than 5 per cent in most industrial countries.
- These decades also saw the worldwide spread of technology and enterprise

**Decolonisation and Independence**

- After Second World War, Many countries in Asia and Africa became independent nations.
- Group of 77 or G-77 was organised by developing countries to demand a new international economic order (NIEO) which would give these countries real control over their national resources, raw materials, manufactured goods in their markets.
- MNCs or multinational companies were established in the 1950s and 1960s and operated in several countries.

**End of Bretton Woods and the Beginning of 'Globalisation'**

- From the 1960s the rising costs of its overseas involvements weakened the US's finances and competitive strength.
- The US dollar now no longer commanded confidence as the world's principal currency.
- It could not maintain its value in relation to gold.
- This eventually led to the collapse of the system of fixed exchange rates and the introduction of a system of floating exchange rates.
- 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.
- Wages were relatively low in countries like China. Thus they became attractive destinations for investment by foreign MNCs competing to capture world market