

The Making of a Global World

❖ Meaning of Globalisation

- Today, **globalisation** usually refers to the **modern economic system** that has developed mainly in the **last 50 years**.
- But the **global world actually started forming much earlier** through trade, migration, and exchange between different regions.

❖ Early Connections in the World

- Human societies have been **connected with each other for centuries**.
- **Travellers, traders, priests, and pilgrims** moved across long distances.
- They travelled for:
 - Knowledge
 - Jobs and opportunities
 - Religious or spiritual reasons
 - To escape persecution

❖ What They Carried With Them

When people travelled, they carried many things with them:

- Goods and money
- Values and cultural ideas
- Skills and inventions
- **Diseases and germs**

❖ Examples of Early Global Connections

1. **Around 3000 BCE** – Coastal trade connected the **Indus Valley Civilisation** with **West Asia**.
2. **Cowries (seashell currency)** from the **Maldives** were traded to **China and East Africa** for over a thousand years.
3. The spread of **diseases across regions** began as early as the **7th century** and became very clear by the **13th century**.

❖ The Pre-modern World

Meaning of Globalisation

- **Globalisation** refers to the **growing interconnection of the world through trade, migration, exchange of goods, ideas and culture**.
- Today it mainly refers to the **modern economic system that developed in the last 50 years**.
- However, the **global world started forming much earlier** through **trade, movement of people, and cultural exchanges**.

❖ Early Connections in the World

- Human societies have been **interconnected since ancient times**.
- **Travellers, traders, priests and pilgrims** travelled long distances.

Reasons for travelling

- To gain **knowledge**
- To find **jobs and opportunities**
- For **religious or spiritual purposes**
- To **escape persecution**

What they carried with them

When people travelled, they carried:

- **Goods and money**
- **Values and cultural ideas**
- **Skills and inventions**
- **Diseases and germs**

Examples of Early Global Connections

- **Around 3000 BCE:** Coastal trade linked the **Indus Valley Civilisation with West Asia.**
- **Cowries (seashell currency)** from the **Maldives** reached **China and East Africa** for over a thousand years.
- **Disease-carrying germs** spread across regions from the **7th century**, becoming more noticeable by the **13th century**.

❖ **Silk Routes Link the World**

- The **Silk Routes** were an important example of **pre-modern trade and cultural links.**
- The name comes from the **Chinese silk** that was transported westward.
- There were **many routes (land and sea)** connecting **Asia with Europe and North Africa.**
- These routes existed **before the Christian Era** and remained active until the **15th century.**

Goods traded on Silk Routes

- **From Asia**
 - Chinese **silk**
 - Chinese **pottery**
 - **Textiles and spices** from India and Southeast Asia
- **From Europe**
 - **Gold and silver**

Cultural exchange through Silk Routes

- **Christian missionaries** travelled to Asia.
- **Muslim preachers** also spread their religion along these routes.
- **Buddhism** spread from **eastern India** to other regions through these routes.

Food Travels: Spaghetti and Potato

Spread of Food through Trade

- Traders and travellers **introduced new crops and foods** to different parts of the world.
- Food is a good example of **cultural exchange in the pre-modern world.**

Example: Spaghetti and Noodles

- It is believed that **noodles travelled from China to the West** and later became **spaghetti.**
- Another theory says **Arab traders introduced pasta to Sicily (Italy)** in the **5th century.**
- Similar foods were also found in **India and Japan**, so the exact origin is uncertain.

Foods that Spread After the Discovery of America

Many foods we eat today were **unknown in Europe and Asia before 500 years ago**, such as:

- **Potatoes**
- **Soya**
- **Groundnuts**
- **Maize**
- **Tomatoes**
- **Chillies**
- **Sweet potatoes**

These foods spread after **Christopher Columbus accidentally discovered the Americas.**

❖ **Food Travels: Spaghetti and Potato**

Foods from the Americas

- The term **America** refers to **North America, South America, and the Caribbean.**
- Many common foods originally came from the **native people of America (American Indians).**

Important crops from America

- **Potatoes**
- **Maize**
- **Tomatoes**
- **Chillies**
- **Groundnuts**
- **Sweet potatoes**
- **Soya**

These foods spread to **Europe and Asia after the voyages of Christopher Columbus.**

❖ **Importance of the Potato**

- The potato helped **improve the diet of poor Europeans.**
- People **ate better and lived longer.**

Irish Potato Famine

- In the **mid-1840s**, a disease destroyed the potato crop in Ireland.
- Because poor people depended heavily on potatoes:
 - **About 1 million people died of starvation**
 - **Around 2 million people migrated to other countries**

❖ **Conquest, Disease and Trade**

The World “Shrank” in the 16th Century

The world became more connected when:

- European sailors found a **sea route to Asia**
- They also **crossed the Atlantic Ocean to reach America**

This increased **global trade, travel, and interaction.**

❖ **Indian Ocean Trade**

Before Europeans arrived:

- The **Indian Ocean** had **active trade networks.**
- Goods, people, customs, and knowledge moved across this region.
- The **Indian subcontinent** was an **important centre of this trade.**

After Europeans arrived:

- Trade routes were **expanded or redirected towards Europe.**

❖ **Importance of America in World Trade**

After the **16th century**, America became important because of:

- **Vast land**
- **Rich crops**
- **Mineral resources**

Precious metals

- Large amounts of **silver** were mined in:
 - **Peru**
 - **Mexico**

This silver:

- **Increased European wealth**
- **Financed trade with Asia**

❖ **Search for El Dorado**

- Europeans believed in the legend of **El Dorado.**
- Many expeditions went to South America searching for this **fabled city of gold.**

❖ **European Conquest of America**

- By the **mid-16th century**, **Portugal and Spain** had begun conquering and colonising America.

Important reason for European success

Not only **weapons**, but also **diseases** helped them conquer.

Role of Disease

- Europeans carried diseases such as **Smallpox.**
- Native Americans had **no immunity** to these diseases.
- Smallpox spread quickly and **killed large populations.**
- This **weakened communities** and made conquest easier.

❖ **Migration from Europe to America**

Before the 19th century, Europe had:

- **Poverty**

- **Hunger**
- **Overcrowded cities**
- **Deadly diseases**
- **Religious conflicts**

Because of this, **thousands migrated to America.**



Plantation System and Slavery

By the **18th century**:

- Large plantations in America produced:
 - **Cotton**
 - **Sugar**
- These plantations were worked by **African slaves** captured and transported to America.

Shift of the World Trade Centre

- Until the **18th century**, **India and China** were among the **richest countries**.
- They dominated **Asian trade**.

However:

- From the **15th century**, China reduced overseas trade and became more isolated.
- The **importance of the Americas increased**.

As a result, the **centre of world trade shifted westwards**, and **Europe became the main centre of global trade**.

Changes in the 19th Century

The **19th century** brought major transformations in the world due to:

- **Economic changes**
- **Political developments**
- **Social and cultural shifts**
- **Technological progress**

These factors together **reshaped societies and international relations**.

Three Flows in the World Economy

Economists identify **three important flows in international economic exchange**:

1. Flow of Trade

- Movement of **goods between countries**.
- In the 19th century this mainly meant **trade in goods such as cloth, wheat, etc.**

2. Flow of Labour

- **Migration of people** from one country to another in search of **employment**.

3. Flow of Capital

- **Movement of money for investment** across long distances.
- Investments could be **short-term or long-term**.

These three flows were **closely connected** and greatly influenced people's lives.

However, sometimes **labour migration was restricted**, while **trade and capital moved more freely**.

A World Economy Takes Shape

One way to understand the new world economy is by looking at **food production and consumption in industrial Europe**.

Traditional System

- Earlier, countries preferred to be **self-sufficient in food**.

Situation in 19th-Century Britain

In **United Kingdom**, self-sufficiency caused problems.

Reasons:

1. **Population growth** increased the demand for food grains.
2. Expansion of **cities and industries** raised demand for agricultural products.
3. As a result, **food prices increased**.

Corn Laws

- The British government passed laws that **restricted the import of corn (grain)**.
- These were called **Corn Laws**.
- The laws protected the **interests of landowners**.

Problems caused by the Corn Laws

- Food became **very expensive**.
- Industrialists and urban workers were **unhappy with high food prices**.

Abolition of Corn Laws

- Due to pressure from **industrialists and city populations**, the Corn Laws were **abolished**.

Effects After Abolition of Corn Laws

When imports were allowed:

- **Cheap food grains** were imported into Britain.
- **British farmers could not compete** with cheap imports.
- Large areas of land became **uncultivated**.
- Many agricultural workers **lost their jobs**.

Result

- Many people **migrated to cities** for industrial work.
- Others **migrated overseas** to find employment.

Expansion of the World Economy in the 19th Century

Rise in Food Consumption in Britain

- After the **Corn Laws** were abolished, food imports increased.
- **Food prices fell**, so people in **United Kingdom** could buy more food.
- **Industrial growth** increased people's incomes, which further increased **food consumption and imports**.

Expansion of Agriculture Worldwide

To meet Britain's growing demand for food:

- Large areas of land were **cleared for agriculture** in:
 - **Eastern Europe**
 - **Russia**
 - **America**
 - **Australia**

Development of Infrastructure

Expanding agriculture required major developments:

- **Railways** to connect farms with ports
- **New harbours** and expansion of old ports
- **Ships** to transport goods
- **Homes and settlements** for farmers and workers

All these developments required:

- **Capital (money for investment)**
- **Labour (workers)**

Flow of Capital

- Investment money came mainly from financial centres such as **London**.
- This money helped build **railways, ports, and settlements** in agricultural regions.

Large-scale Migration

- Many regions like **America and Australia** needed workers.
- This created a huge **flow of labour migration**.

Migration Statistics

- About **50 million Europeans migrated to America and Australia** in the 19th century.
- Around **150 million people worldwide** migrated across oceans and continents in search of **better opportunities**.

❖ **Global Agricultural Economy by 1890**

By **1890**, the world had developed a **global agricultural economy**.

Key features

- Food was transported **thousands of miles** instead of coming from nearby farms.
- Agriculture was done by **hired workers** rather than small peasants.
- Large farms replaced forests and natural lands.
- **Railways and ships** transported food to distant markets.
- Many ships were manned by **low-paid workers from Southern Europe, Asia, Africa and the Caribbean**.

Example in India

- In **western Punjab**, the British built **irrigation canals**.
- Semi-desert areas were turned into **fertile agricultural land**.
- These regions were called **Canal Colonies**.
- Peasants from other parts of Punjab settled there to grow **wheat and cotton for export**.

❖ **Growth of World Trade**

- Different regions started **specialising in certain crops or products**.
- For example:
 - Cotton production expanded to supply British textile mills.
 - Rubber cultivation increased globally.

Between **1820 and 1914**:

- **World trade increased 25–40 times**.
- About **60% of world trade** consisted of **primary products**, such as:
 - Agricultural goods (wheat, cotton)
 - Minerals (coal)

❖ **Role of Technology**

Technological innovations helped transform the **19th-century world economy**.

Important technologies

- **Railways**
- **Steamships**
- **Telegraph**

These technologies helped:

- Transport goods **faster and cheaper**
- Connect **faraway farms with global markets**

Technological improvements were often linked to **colonial expansion and investments**.

❖ **Refrigerated Ships and Meat Trade**

Before the **1870s**:

- Animals were transported **alive from America to Europe**.
- Problems included:
 - Animals took up **large ship space**
 - Many **died or became ill during the journey**
 - Meat became **very expensive**

New technology

The invention of **refrigerated ships** solved these problems.

- Animals were **slaughtered in countries like America, Australia and New Zealand**.
- Frozen meat was transported to **Europe**.

Results

- **Shipping costs decreased**
- **Meat prices fell**
- Even **poor Europeans could afford meat**

This improved **living standards and diet**.

❖ **Late 19th Century Colonialism**

The late 19th century was a time of **expanding global trade**, but it also had a **darker side**.

Negative effects of colonialism

- Loss of **freedom**
- Destruction of **local economies**
- Changes in **environment and social structures**

European countries **conquered and controlled many regions**, forcing them into the global economy.

❖ Partition of Africa (1885)

In **1885**, European powers met at the **Berlin Conference**.

Results

- Africa was **divided among European powers**.
- Borders were drawn **artificially with straight lines** on maps.

Major colonial powers included:

- **Britain**
- **France**
- **Belgium**
- **Germany**
- **Portugal**
- **Italy**
- **Spain**

Even the **United States** became a colonial power in the late 1890s.

❖ Explorations and Imperialism

Explorers helped imperial expansion.

Example: **Henry Morton Stanley**

- Explored parts of **Central Africa**
- Used armed groups and local labour
- Mapped territories

These explorations **helped European powers conquer African regions**.

Rinderpest (Cattle Plague) in Africa

One major disaster in Africa during the **1890s** was the spread of **Rinderpest**.

Origin

- The disease entered Africa through **infected cattle brought from Asia**.
- It spread rapidly across the continent.

Effects

- **90% of cattle died**
- African livelihoods were destroyed
- Farmers lost their **main source of wealth and food**

❖ Impact on colonial rule

The loss of cattle forced many Africans to:

- Work on **European plantations and mines**
- Accept **wage labour**

Colonial governments also:

- Imposed **heavy taxes**
- Changed **inheritance laws**
- Forced people into the **labour market**

This strengthened **European control over Africa**.

❖ Indentured Labour Migration from India

Meaning of Indentured Labour

Indentured labour means a worker who signs a **contract to work for an employer for a fixed number of years** (usually 5 years) in return for wages and travel expenses.

❖ Migration of Indian Labourers

In the **19th century**, many labourers from India and China migrated to other countries to work in:

- **Plantations**
- **Mines**
- **Railway and road construction**

Most Indian workers came from:

- **Eastern Uttar Pradesh**
- **Bihar**
- **Central India**
- **Dry districts of Tamil Nadu**

❖ **Reasons for Migration**

These regions faced many economic problems:

- **Decline of cottage industries**
- **Increase in land rents**
- **Expansion of plantations and mines**
- **Heavy debts and poverty**

Because of these difficulties, many poor people **migrated to find work**.

❖ **Destinations of Indian Indentured Workers**

Major places where Indian labourers went:

- **Caribbean islands**
 - Trinidad
 - Guyana
 - Suriname
- **Mauritius**
- **Fiji**
- **Ceylon (Sri Lanka)**
- **Malaya**
- **Assam tea plantations**

❖ **Recruitment Process**

Workers were recruited by **agents** hired by employers.

Agents often:

- Promised **good wages and better living conditions**
- Gave **false information about work and travel**
- Sometimes **kidnapped people or forced them to migrate**

Many migrants **did not even know they would travel overseas**.

❖ **Harsh Conditions**

This system is often called a “**new system of slavery**” because:

- Living conditions were **very harsh**
- Work was **very difficult**
- Workers had **few legal rights**
- Punishments were common

Example:

An indentured labourer **Ram Narain Tewary** described bruised hands, heavy work and even **jail punishment** for failing to complete tasks.

❖ **Cultural Mixing**

Despite hardships, migrants created **new cultural traditions**.

Examples:

- **Hosay festival** in Trinidad (Muharram celebration)
- **Chutney music** in Trinidad and Guyana
- Religious movements like **Rastafarianism** in the Caribbean

These show **cultural fusion** – when traditions from different places mix together.

❖ End of the Indenture System

Indian nationalist leaders criticised the system as **cruel and exploitative**.

- The system was **abolished in 1921**.
- However, many migrants **settled permanently in those countries**.

Today there are **large Indian communities** in the Caribbean.

Example:

- Writer **V. S. Naipaul**
- Cricketers **Shivnarine Chanderpaul** and **Ramnaresh Sarwan**

❖ Indian Entrepreneurs Abroad

Global trade also created opportunities for **Indian traders and bankers**.

Indian Banker Communities

Two famous banking communities were:

- **Shikaripuri Shroffs**
- **Nattukottai Chettiars**

They:

- Financed **agriculture and trade in Southeast Asia**
- Lent money to farmers and traders
- Used **complex financial networks** to transfer money across countries.

❖ Indian Traders Overseas

Indian traders followed European colonisers to **Africa and Southeast Asia**.

Example:

- **Hyderabadi Sindhi traders** opened shops and trading centres in **many international ports**.

They sold:

- Local goods
- Imported curios
- Souvenirs to tourists

This was possible due to the development of **safe passenger ships**.

❖ Indian Trade, Colonialism and the Global System

India's Trade Before Industrialisation

Before industrialisation in Britain:

- India exported **fine cotton textiles to Europe**.

❖ Impact of British Industrialisation

After industrialisation in Britain:

British manufacturers:

- Produced **machine-made cloth**
- Pressured the government to **protect British industries**

So Britain introduced **tariffs on Indian textiles**.

Result:

- Indian textile exports **declined sharply**.

Export Decline

- Around **1800** → cotton textiles were **30% of exports**
- By **1815** → **15%**
- By **1870s** → **less than 3%**

❖ Increase in Raw Material Exports

Instead of finished goods, India began exporting **raw materials**:

Main exports included:

- **Raw cotton**
- **Indigo** (dye used in textiles)
- **Opium**

Opium became extremely important.

Britain grew **opium in India** and exported it to **China**.

The money earned was used to buy **tea and other Chinese goods**.

❖ **British Goods in India**

At the same time:

- **British manufactured goods flooded Indian markets**
- Indian industries suffered greatly.

❖ **Trade Surplus**

Britain exported **more goods to India than it imported**.

So Britain had a **trade surplus with India**.

Britain used this surplus to:

- Pay for imports from other countries
- Balance global trade.

❖ **“Home Charges”**

The surplus from India also paid for **home charges**, including:

- Salaries sent by British officials to Britain
- Pensions of British officers
- Interest on India’s foreign debts
- Private money transfers by British traders

3. The Inter-war Economy (1914–1939)

The period between **World War I (1914–1918)** and **World War II (1939–1945)** is called the **Inter-war period**.

During this time the world experienced:

- Economic instability
- Political conflicts
- The **Great Depression**

❖ **Wartime Transformations (Impact of World War I)**

Countries involved

Two main groups fought the war:

Allies

- Britain
- France
- Russia
- Later the **United States**

Central Powers

- Germany
- Austria-Hungary
- Ottoman Turkey

The war began in **1914** and lasted **more than 4 years**.

❖ **First Modern Industrial War**

World War I is called the **first modern industrial war** because modern weapons were used on a large scale:

- Machine guns
- Tanks
- Aircraft
- Chemical weapons

These weapons were produced using **large-scale industrial production**.

❖ **Massive Loss of Life**

- About **9 million soldiers died**
- Around **20 million were injured**

Most victims were **young working men**, which reduced the workforce in Europe.

This caused:

- Lower household incomes
- Economic problems after the war

❖ **Changes in Society**

During the war:

- Industries were changed to produce **war materials**.
- **Women started working in factories and offices** because men were fighting.

❖ **Economic Changes**

The war broke economic links between countries.

Britain borrowed large amounts of money from the **United States**.

Result:

- The US became the **world's biggest creditor (lender)**.
- Earlier the US had been a **debtor (borrower)**.

❖ **Post-War Recovery Problems**

After the war, economic recovery was difficult.

Problems in Britain

Britain faced serious economic crisis because:

1. It had **huge war debts** to the US.
2. During the war, industries grew in **India and Japan**, creating competition.
3. Britain lost its dominance in world markets.

❖ **Unemployment Crisis**

When wartime demand ended:

- Production decreased
- Many workers lost jobs

Example:

- In **1921, 1 in every 5 British workers was unemployed**.

❖ **Agricultural Crisis**

Before WWI:

- **Eastern Europe** was a major wheat producer.

During the war:

- Production increased in **Canada, USA, and Australia**.

After the war:

- Eastern Europe resumed production.

Result:

- Too much wheat in the market (oversupply)
- Wheat prices fell
- Farmers' incomes dropped

❖ **Rise of Mass Production and Consumption**

Economic recovery was **faster in the United States**.

One major development was **mass production**.

Example: Henry Ford

The car manufacturer **Henry Ford** introduced the **assembly line system**.

In this system:

- Workers performed **one small task repeatedly**.
- Work moved along a **conveyor belt**.

Advantages:

- Faster production
- Lower costs
- Cheaper products

❖ **First Mass-Produced Car**

The **Ford Model-T** became the first **mass-produced car**.

Production increased rapidly:

- **1919** → **2 million cars**
- **1929** → **over 5 million cars**

Growth of Consumer Goods

In the 1920s Americans began buying:

- Refrigerators
- Washing machines
- Radios
- Gramophones

Many were bought through **hire purchase** (paying in instalments).

Economic Boom

This created a cycle:

Higher employment → higher incomes → more consumption → more production → more jobs
But this prosperity did **not last long**.

❖ **The Great Depression (1929–mid 1930s)**

The **Great Depression** was the **worst economic crisis in modern history**.

During this time:

- Production fell sharply
- Unemployment increased
- Trade declined worldwide

Agricultural regions suffered the most.

❖ **Causes of the Great Depression**

1. Agricultural Overproduction

Farmers produced too much food.

Because prices fell, farmers tried to produce **even more** to maintain income.

Result:

- Huge surplus
- Prices fell further
- Crops rotted because no buyers existed

2. Withdrawal of US Loans

Many countries depended on **loans from the United States**.

When the US economy weakened:

- US banks stopped lending
- Loans were called back

This caused financial crisis worldwide.

3. Decline in World Trade

To protect its economy, the US increased import taxes.

This reduced **international trade**.

❖ **Economic Collapse**

Consequences in the US:

- Thousands of banks failed
- Businesses closed
- Massive unemployment

Statistics:

- **4,000 banks closed**
- **110,000 companies collapsed**

❖ **India and the Great Depression**

The depression affected **colonial India** because it was integrated into the world economy.

❖ **Fall in Trade**

Between **1928 and 1934**:

- India's exports and imports were **reduced by half**.

❖ **Fall in Agricultural Prices**

Example:

- Wheat prices fell **by 50%**.

But the British government **did not reduce taxes**.

This created severe hardship for peasants.

❖ **Bengal Jute Farmers**

Farmers in Bengal produced **raw jute** for export.

When exports collapsed:

- Jute prices fell by **over 60%**.

Farmers:

- Could not repay loans
- Became heavily indebted

❖ **Gold Exports**

Many peasants sold their **gold jewellery** to survive.

India became a **major exporter of gold** during the depression.

Political Impact

The crisis created unrest in rural India.

During this period **Mahatma Gandhi** launched the **Civil Disobedience Movement in 1931**.

❖ **Rebuilding the World Economy After World War II**

World War II (1939–1945) caused huge destruction.

Countries involved:

Axis Powers

- Germany
- Italy
- Japan

Allies

- Britain
- France
- Soviet Union
- United States

About **60 million people died**.

❖ **Bretton Woods Institutions**

After the war, world leaders wanted to create a **stable global economic system**.

In **1944**, a conference was held at **Bretton Woods**.

❖ **Institutions Created**

1. International Monetary Fund (IMF)

International Monetary Fund

Purpose:

- Maintain financial stability
- Help countries with balance of payment problems

❖ **World Bank**

World Bank

Purpose:

- Provide loans for **reconstruction and development**

These institutions are called **Bretton Woods Institutions**.

❖ **Fixed Exchange Rate System**

Currencies were fixed to the **US dollar**.

The US dollar was linked to **gold**.

This system created **stable international trade**.

❖ **Early Post-war Growth (1950–1970)**

Between **1950 and 1970**:

- World trade grew **over 8% per year**
- Incomes increased
- Unemployment remained low

Many developing countries began **industrialisation**.

❖ **Decolonisation**

After World War II many colonies became independent.

Countries in:

- Asia
- Africa

gained freedom.

However they faced problems:

- Poverty
- Lack of industries
- Weak economies

❖ **Formation of G-77**

Developing countries formed the **Group of 77 (G-77)**.

They demanded:

- Fair prices for raw materials
- Control over natural resources
- More financial assistance

❖ **End of Bretton Woods and Globalisation**

From the **1970s**, the Bretton Woods system collapsed.

Reasons:

- The **United States** faced financial problems.
- The dollar lost value compared to gold.

Result:

- Fixed exchange rates ended
- **Floating exchange rates** began.

❖ **Rise of Globalisation**

From the late **1970s onward**:

Multinational corporations shifted industries to **low-wage countries**, such as:

- **China**
- **India**
- **Brazil**

Reasons:

- Cheap labour
- Lower production costs

This increased:

- Global trade
- Capital flow
- Economic integration

Learning Horizon
