Chapter 3
The Making of a Global World

Write in brief

Q.1 Give two examples of different types of global exchanges which took place before the seventeenth century, choosing one example from Asia and one from the Americas.

Ans.: Examples of the different types of global exchanges which took place before the seventeenth century:

Example from Asia: The silk routes.

From the second century BC to the end of the fourteenth century AD, a great trade route originated from Chang'an (now Xian) in the east and ended at the Mediterranean in the west, linking China with the Roman Empire. Because silk was the major trade product which traveled on this road, it was named the Silk Road in 1877 by German geographer Ferdinand von Richthofen. This ancient route not only circulated goods, but also exchanged the splendid cultures of China, India, Persia, Arabia, Greek and Rome.

● Chinese silk cargoes used to travel the silk routes.

● Later Chinese pottery, textiles and spices from India and Southeast Asia also travelled through these routes.

● In return, precious metals – gold and silver flowed from Europe to Asia.

● For centuries before the Indian Ocean had known a vibrant trade with goods, people, knowledge, customs, etc. cross-crossing its waters.

● Silk routes helped in linking Asia with Europe and northern Africa.

● Buddhism which emerged from eastern India also spread in several directions through interconnecting points on the silk routes only.

From the Americas: Foods

● Many of our common foods such as potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes, and so on were not known to our ancestors until about five centuries ago.

● These foods were only introduced in Europe and Asia after Christopher Columbus accidentally discovered the vast continent that would later become known as the Americas.

● In fact, many of our common foods came from America's original inhabitants – the American Indians.

Q.2 Explain how the global transfer of disease in the pre-modern world helped in the colonization of the Americas.

Ans.: The global transfer of disease in the pre-modern world helped in the colonization of the Americas because the native American Indians were not immune to the diseases that the settlers and colonizers brought with them. The Europeans were more or less immune to small pox, but the native Americans, having been cut off from the rest of the world for millions of years, had no defense against it. These germs killed and wiped out whole communities, paving the way for foreign domination. Weapons and soldiers could be destroyed or captured, but diseases could not be fought against.

(i) By the mid-sixteenth century, Europe defeated America not with military power but just with the germ of smallpox they brought with them.

(ii) America had been cut off from regular contact with the rest of the world for millions of years, they had no immunity against these diseases that came from Europe.

(iii) Smallpox proved to be a deadly killer for them. It spread deep into the continent, killed and devastated the whole community, thus paving the way for European conquest.

Q.3A Write a note to explain the effects of the following:
The British government's decision to abolish the Corn Laws.

Ans.: The British government's decision to abolish the Corn Laws was the inflow of cheaper agricultural crops from America and Australia. Many English farmers left their profession and migrated to towns and cities. Some went overseas. This indirectly led to global agriculture and rapid urbanization, a prerequisite of industrial growth. The British government finally abolished the Corn Laws which brought a lot of changes in the British economy:

● Food could be imported into Britain more cheaply than it could be produced within the country.
● British agriculture failed to complete with imports.
● Vast areas of land were left uncultivated.
● Thousands of men and women became unemployed.
● This led to migration of people to the cities overseas.

Q.3B Write a note to explain the effects of the following:

The coming of rinderpest to Africa.

Ans.: Rinderpest (a fast spreading disease of cattle plague) arrived in Africa in the late 1880s. It had a terrifying impact on people's livelihoods and the local economy. It started in East Africa and soon spread to the other parts of the continent. In 1892, it reached Africa's Atlantic coast, and within five years, it reached the Cape (Africa's Southernmost tip). It spread through an infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa. Using this situation to their advantage, colonizing nations conquered and subdued Africa by monopolizing scarce cattle resources to force Africans into the labour market.

Effects of rinderpest on Africans:

(i) Rinderpest killed 90 per cent of the cattle and destroyed African livelihoods.

(ii) It strengthened colonial government's power and Africans were forced into the labour market which earlier they were reluctant to do due to abundance of land and livestock.

(iii) European colonizers thus conquered and subdued Africa.

Q.3C Write a note to explain the effects of the following:

The death of men of working-age in Europe because of the World War.

Ans.: The death of men of working-age in Europe because of the World War.

The First World War was the first modern industrial war. It saw the use of machine guns, tanks, aircraft, chemical weapons etc. Millions of soldiers had to be recruited from around the world and moved to the frontlines on large ships and trains. The scale of death and destruction was beyond imagination.

Most of the killed and maimed were men of working age. These deaths and injuries reduced the able-bodied workforce in Europe. With fewer members within the family, household incomes declined after the war. The role of women increased and led to demand for more equality of status. It made the feminist movement stronger. Women started working alongside men in every field. Women and youngsters became more independent and free with long-term effects. The war led to the snapping of economic links between some of the world's largest economic powers which were now fighting for each other to pay for them.

So, Britain borrowed large sums of money from US banks as well as the US public. Thus, the war transformed the US from being an international debtor to an international creditor.

Q.3D Write a note to explain the effects of the following:
The great depression on the Indian economy.

Ans.: In the nineteenth century, colonial India had become an exporter of agricultural goods and importer of manufactures. The impact of the Great Depression in India was felt especially in the agricultural sector. It was evident that Indian economy was closely becoming integrated to global economy. India was a British colony and exported agricultural goods and imported manufactured goods. The fall in agricultural price led to reduction of farmers' income and agricultural export. It led to a great rural unrest in India. The great depressions immediately affected Indian trade in such as:

● India's exports and imports nearly halved between 1928 and 1934.

● As international prices crashed, prices in India also plunged. Between 1928 and 1934, wheat prices in India fell by 50 per cent.

● Peasants and farmers suffered more than urban dwellers. Though agricultural prices fell sharply, the colonial government refused to reduce revenue demands.

● Peasants producing for the world market were the worst hit. Across India, peasants indebtedness increased. However the depression proved less grim for urban India.

Q.3E Write a note to explain the effects of the following:

The decision of MNCs to relocate production to Asian countries.

Ans.: Wages were relatively low in Asian countries. Thus, they became attractive destinations for investment by foreign MNCs competing to capture world markets. The relocation of industry to low-wage countries stimulated world trade and capital flow.
Impact of MNC's decision to relocate production in Asian Countries:

● It provided for cheap labor to MNC's
● It stimulated world trade and increased capital inflow in the Asian Countries
● Brought about new technology and production methods to the Asian Countries.
● Greater choice of goods and services to the people with the greater employment opportunities for Asian countries.
● Rapid economic transformation resulting in the growth of economies like India, China.

Q.4 Give two examples from history to show the impact of technology on food availability.

Ans.: (i) Improved transportation systems: Improved transportation systems helped the foods to get deliver on time to the markets without and harm. Like faster railways, lighter wagons and larger ships helped move food for cheaply and quickly from faraway farms to final markets.

(ii) Refrigerated ships: The development of refrigerated ships enabled the transport of perishable foods over long distances. Animals were now slaughtered for food 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 add meat to their diet.

(iii) Social peace: Better living conditions and nutritious diet promoted social peace, within the country and support for imperialism abroad.

Q.5 What is meant by the Bretton- Woods Agreement?

Ans.: In order to preserve economic stability and full employment in the industrial world, the post-war international economic system was established. To execute the same, the United Nations Monetary and Financial Conference was held in July 1944 at Bretton Woods in New Hampshire, USA. The Bretton Woods Conference established the International Monetary Fund (IMF) to deal with external surpluses and shortages of its member-nations. The International Bank for Reconstruction and Development (popularly known as the World Bank) was set up to financial post-war reconstruction and they started the financial operations in 1947. Under the agreement, currencies were pegged to the price of gold, and the U.S. dollar was seen as a reserve currency linked to the price of gold. Decision-making authority was given to the Western industrial powers. The US was given the right of veto over key IMF and World Bank decisions. The Bretton Woods system was based on fixed exchange rates. The Bretton Woods system Opened an era of unique growth of trade and incomes for the Western industrial nations and Japan. World trade grew annually.

Discuss

Q.6 Imagine that you are an indentured Indian laborer in the Caribbean. Drawing from the details in this chapter, write a letter to your family describing your life and feelings.

Ans.:

Dear family,

Working in Trinidad (Caribbean) as an indentured labourer is not easy task. Through this letter, I want to tell you about my hardship, misbehaviour of the contractor towards me and how much I miss you all.

The contractor at the time of hiring me did not provide the correct information regarding place of work, mode of travel and living and working conditions.

Very few legal rights are provided to us. The contractor uses harsh and abusive language at the worksite. He treats us like animals and we are an uneasy minority in the cocoa plantations in Trinidad. We don’t have any rights to speak or to express our dissatisfaction with the working conditions.

Whenever I do not attend my work, I am prosecuted and sent to jail. There is a lot of work at the plantations with heavy workload and sometimes I have to finish all of it one day.

In case of unsatisfactory work, my wages are cut.
I am living a life of a slave and in great trouble.

Q.7 Explain the three types of movements or flows within international economic exchange. Find one example of each type of flow which involved India and Indians and write a short account of it.

Ans.: The three types of movements or flows within the international economic exchange are trade flows, human capital flows and capital flows or investments. These can be explained as—the trade in agricultural products, migration of labour, and financial loans to and from other nations.

(i) The flow of trade (trade in goods, e.g. cloth or wheat):
India was a hub of trade in the pre-modern world, and it exported textiles and spices in return for gold and silver from Europe. Many different foods such as potatoes, soya, groundnuts, maize, tomatoes, chilies and sweet potatoes came to India from the Americas after Columbus discovered it.

Fine cottons produced in India were exported to Europe. With industrialization, British cotton manufacture began to expand, and industrialists pressurized the government to restrict cotton imports and protect local industries. Tariffs were imposed on cloth imports and Britain. Consequently the inflow of fine Indian Cotton began to decline.

(ii) The flow of labour (the migration of people in search of employment):

In the field of labour, indentured labour was provided for mines, plantations and factories abroad, in huge numbers, in the nineteenth century. This was an instrument of colonial domination by the British. Indentured laborers were hired under contacts which promised return travel to India after they had worked five years on their employer's plantation. Nineteenth-century indenture has been described as a new system of slavery. Their living and working conditions were harsh, and there were few legal rights.

(iii) The movement of capital (investments) :
Lastly, Britain took generous loans from USA to finance the World War. Since India was an English colony, the impact of these loan debts was felt in India too. Food and other crops for the world market required capital. Large plantations could borrow it from banks and markets. Shikaripuri Shroffs and Nattukottai Chettiars were amongst the many groups of bankers and traders who financed export agriculture in central and Southest Asia, using either their own funds or those borrowed from Europeans banks. Indian traders and money lenders also followed Europeans colonizers into Africa. Hyderabadi Sindhi traders, however, ventured beyond Europeans colonies. From the 1860s they established flourishing emporia at busy ports worldwide, selling local and imported curious to tourists.
The British government increased taxes, interest rates, and lowered the prices of products it bought from the colony. Indirectly, but strongly, this affected the Indian economy and people.
All three flows were closely interlinked and affected peoples' lives.

Q.8 Explain the causes of the Great Depression.

Ans:

The Great Depression was a result of many different factors. The post-war global economy was weak. Also, agricultural over-production proved to be a nuisance, which was made worse by falling food grain prices. To counter this, farmers began to increase production and bring even more produce to the markets to maintain their annual incomes. This led to such glut of food grains that prices plummeted further and farm produce was left to rot. Most countries took loans from the US, but American overseas lenders were wary about the same. When they decreased the amount of loans, the countries economically dependent on US loans faced an acute crisis. In Europe, this led to the failure of major banks and currencies such as the British pound sterling. In a bid to protect the American economy, USA doubled import duties. This worsened the world trade scenario. All these factors contributed to the Great Depression. It affected USA the worst on account of its being a global loan provider and the biggest industrial nation.

Q.9 Explain what is referred to as the G-77 countries. In what ways can G-77 be seen as a reaction to the activities of the Bretton Woods twins?

Ans.: After the Second World War, many parts of the world were still under European colonial rule and It took over two decades for the colonies in Asia and Africa to become free independent nations. When they became free, they faced many other problem such as poverty, lack of resources, etc. Economies and societies were handicapped for being under colonial rule for long periods.

The IMF and the World Bank, often referred to as the Bretton Woods twins, were designed to meet the financial needs of the industrial countries. As most developing countries were not much benefited from the fast economic growth of Western countries, therefore they formed a group called – the Group of 77, (or G-77) in order to catch up the development in advanced industrial countries. G-77 countries is an abbreviation for the group of 77 countries that demanded a new international economic order (NIEO); a system that would give them real control over their natural resources, without being victims of neo-colonialism, that is, a new form of colonialism in trade practiced by the former colonial powers.

The G-77 can be seen as a reaction to the activities of the Bretton Woods twins, because the International Monetary Fund and the World Bank were designed to meet the financial needs of industrial and developed countries, and did nothing for the economic growth of former colonies and developing nations.

They demanded:

(i) A new international economic order (NIEO) with actual control over their natural resources.

(ii) More development assistance.

(iii) Fairer prices for raw materials.

(iv) Better access for their manufactured goods in developed countries' market.