

Introduction: Globalisation is an economic activity associated with the free movement of goods, technology, ideas and people across the globe.

→ Section 1. Pre Modern World: (114 BC - 1450 AD)

• Silk Routes:

→ There are several silk routes, over land and by sea, knitting together vast regions of Asia and linking Asia with Europe and Northern Africa.

→ Famous Chinese silk cargoes used to travel through these routes to Europe and North African.

• Food Travels: Spaghetti and Potato:

* Noodles travelled west China to become spaghetti.

* Common food such as potatoes, soya, groundnut, maize, tomatoes, chillies, sweet potatoes were only introduced in Europe and Asia after Christopher Columbus discovered America.

• Conquest, Disease and Trade:

* Precious metals from mines of Peru and Mexico enhanced European trade with Asia.

* The Spanish conquerors used the germs of smallpox in the conquest of America.

* Until well into the eighteenth century, China and India were among the world's richest countries.

* Until the nineteenth century, poverty and hunger were common in Europe.

→ Section II: The Nineteenth century (1815-1914):

* In the late eighteenth century, growth in the population increased the demand for food grains in Britain.

* They imported food into Britain more cheaply than it could be produced within the country.

* Industrial growth took place in Britain which led to higher incomes meaning more food imports.

* It is transported by railway and by ship.

* Food is only an example. Products such as cotton, rubber, coal also had same fate.

Role of Technology:

* The railways, steamships, the telegraphs were important inventions that transformed nineteenth century world.

* After the introduction of new technology, namely refrigerated ships animals were slaughtered for

Food at the starting point and then transported to Europe as frozen meat.

→ Late nineteenth-century colonialism ÷

- 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.

* Rinderpest, or the cattle plague ÷

- Rinderpest is a fast spreading cattle plague which hit Africa in the late 1880s.
- It was carried by infected cattle imported from British Asia and destroyed 90 percent of the livestock.
- 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.

- In the nineteenth century, thousands of Indian and Chinese labourers went to work on plantations, in mines, and in road and railways 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 condition harsh.
- It was abolished in 1921.

Indian Entrepreneurs Abroad ÷

- Indian entrepreneurs, some bankers like Nattukottai and chettiar's financed export of agriculture to central and South-East Asia.
→ They even followed the Europeans to Africa.
- Industrial Revolution in England changed the balance of trade between England and India.
- Indian handicraft and agriculture were destroyed and Britain and Britain enjoyed a trade surplus with India.
→ Their exports increased and imports decreased.

→ Section III: The Inter-war Economy:

- The First World War (1914-1918) was the first modern industrial war.
- During the war, industries were restructured to produce war-related goods.
- The war transformed the US from being an international debtor to international creditor.

→ Post-war Recovery:

- After the war was over, the production reduced 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 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 110000 companies collapsed.

→ India and the Great Depression:

- India was also affected by the Great Depression (1929)
- 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.

→ Section V: Rebuilding a World Economy: The Post-War Era:

- The Second World War broke out a mere two decades after the end of the First World War and once again it led to destruction.
- After the USA and the USSR emerged as superpower.

→ Post-war settlement and the Bretton Wood Institution :-

- 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, U.S.A.
- It established the International Monetary Fund (IMF) and the World Bank.
- The International Monetary Fund (IMF) to deal with external surpluses and deficits of its member Nations.
- The International Bank for Reconstruction and Development (popularly known as World Bank) was setup to finance post-war reconstruction.
- The IMF and the World Bank commenced financial operations in 1947.
- Bretton Wood System was based on a fixed exchange rate.
- National currencies were pegged to the American \$ at a fixed rate.
- Decision-making in these institutions is controlled by the Western Industrial powers largely by U.S.A.

→ Decolonisation and Independence

- Many countries in Asia and Africa became independent nations, supported by UNO and NAM.
- Group of 77 or G-77 was organised by developing countries (134 Presently) to demand a new International Economic Order (NIEO) which would give these countries real control over their national resources, raw material, manufactured goods in their markets.
- MNCs or Multinational companies were established in the 1950s and 1960s and operated in several countries.

