

# Trade and Globalization

Expansion and unification of World Market in the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> Century

## Introduction:

The concept used in the trade and commerce of world market of today's economic world is a gift of modern age. But in the context of global market the symptoms of this system had started to register from the ancient time. The trade

**World market :** We call world market to the market where commodities of all countries are available for common people to purchase. For example the economic capital of India 'Mumbai'.

**Commercial revolution:** The unprecedented development and expansion in trade sector, which reached across the country through the water and road ways. The centre of it was Europe (England).

relation of ancient India's developed Indus valley civilization was with the civilization of ancient Egypt and Mesopotamia. The centres of the trade were Dilmun (modern



Trade route connecting India to the world

Behrain) and Mehiha (situated on the coast of Makran) a big market (vast trade centre). Another clear evidence of a world market we get in mentioning the bigger trade centre named Alexandria. The city was the centre of the traders belonging to three continents — Africa, Europe and Asia. The city was established by the great Greece world conqueror. the emperor Alexander at the mouth of the Red sea (the northern part of modern Egypt).

**Industrial revolution** : Production of goods on a large scale in big factories through the machines operated by steam power. Its centre was England and it started after 1750.



**Alexandria city and market**

But with the emergence of modern period, the incidence of the geographical discoveries, renaissance and emergence of national states gave birth to commercial revolution. The feature of world market in the sense came forward only after that. It was fully expanded after industrial revolution. The revolution made the market the centre of all economic activities. At the same time, as the industrial revolution developed the character of market became global and before 20<sup>th</sup> century it had registered its presence in all the continents.

**(a) Feature of world market and expansion:**

From the mid 18<sup>th</sup> century, production of goods started in big factories in England. These factories were operated by steam engine. Through this process the production of goods increased tremendously. In accordance with

**Colonialism is such a political economic system that was directly conducted in Asia and undeveloped Africa and South America by European countries. Its only one objective was exploitation of these countries.**



**A trade city of England**

endeavoured to have permanent right over these abundant raw materials. Through this a new system of government colonialism emerged. The emergence of big cities, Manchester, Liverpool, London etc. was outcome of

**Girmitiya Labour :** The labourers of the colonial countries, who were taken to their governed areas under a definite contract for a definite period. They were engaged in cash crops like sugarcane production. For sugarcane production, labourers from Bhojpuri spoken areas in India (Eastern U.P., Western Bihar) Punjab, Haryana were taken away to Jamaica, Fizi, Trinidad, Tobago, Mauritius etc. countries for sugarcane farming.

the increased production, raw material was needed, then England drew her attention towards North America, Asia (India) and Africa. There she got raw material in abundance and a readymade market too. The success of industrial revolution depended on these two. So England produced in these cities as well as sold in foreign countries. World market of the 18<sup>th</sup> and the beginning of the 19<sup>th</sup> century was of this type. The base of this feature of the world market was textile industry.

With the expansion of industrial revolution the feature of market became to be global. It gave birth to three economic tendencies trade, migration of workers and flow of capital.

Trade was limited to supply of raw materials in England and other European countries and transporting produced goods in their factories to every place in the world. Under migration of labourers we see that they were taken away from colonial countries (India) to European countries or the countries under their influence for a definite period under a contract. The wages of the labourers were very meagre and they were engaged



**Labourers are taken in big ships**

mainly in agricultural work (in the production of cash crops, sugarcane, tea, tobacco). The labourers of this type were called the girmitia labourers.

Under the flow of capital, the European capitalists invested the huge money earned out of industrial revolution in the economy of the countries governed by them. The sectors were laying of railway tracks, digging of coal from mines, tea, coffee, rubber, cotton, etc. Through this the economy of colonies was directly connected to Europe. We call this economic system as world market.

**(a) Utility of the world market:**

To ensure conducting of economic activities independently it is necessary for the market to be global. The global nature of market protects the interests of the traders, workers, capitalists, the middle class and the common consumers. The farmers get a good return of their field because the market is more competitive. The skilled labourers get recognition, importance, and economic advantages through this global market. New opportunities of jobs are created in the world market. It has great importance in the expansion of modern ideology and awakening.

**(b) Advantages and disadvantages of the world market:**

The world market increased trade and industry very fast and the development of industries gave birth to three strong social classes, the capitalists, the workers and the strong bourgeoisie. The emergence and development of modern banking system happened after this. Industrialisation and modernisation in colonial countries like India was limited but in tune with the world market. The constructive sectors like railways, road, shipyard, mining, and gardening developed in the colonial countries. There was a tremendous change in the agricultural production sector; production of a few novel crops, such as tobacco, rubber, coffee, indigo, sugarcane etc. was result of this. A great change in agricultural sector happened in South America (that was a colony of Spain) and Mexico.

The world market created new techniques. Among these railways, steam engine, ship commissioned by steam, telegraph and big fleets were important. These techniques increased the world market and their profit manifold, as the world trade during 1820 to 1914 increased from 25 to 40 times. The 60 percent share of the whole global trade belonged to agricultural products, mining (coal) and textile. Expansion of urbanisation and remarkable increase in population were a profitable results, of global trade.

**Disadvantages of world market:**

The expanding nature of the world market created a new era of affluence but the reality behind the affluence was very bitter. The world market gave birth to a new age of colonialism and imperialism in Asia and Africa, and simultaneously exploitation in ancient colonies such as in India intensified. The local self-reliant economy of the colonies, whose base was small and cottage industries were destroyed. The European countries destroyed these local industries under a planned policy, so that their industrial revolution would succeed. Progress in trade and closeness with world economy snatched the livelihood

**Imperialism: Having victories by European countries over Asian and African regions with the help of military power and keep them in their direct control.**



**A German city destroyed in the first world war**

of the colonial people. It can be understood with an example of the textile industry of India (that had been the base of Indian trade and commerce since ancient times). The share of Indian textile export in 1800 was 30 percent but in 1815 it was reduced to 15 percent and by coming 1870 it was only 3 percent. Just contrary to this the export of raw cotton from India increased from 5 percent to 35 percent during 1800 to 1872.

The world market happened to be a cause of human made crisis like famine, hunger and poverty. As many famine occurred in India during 1850 to 1920 that caused death of lakhs of people. The market started imperialistic competition among the European countries that gave birth to violent nationalism. The destructive consequence of these came forward in the form of the First World War. The First World War affected the human civilization on a large scale. It created such a crisis before the world that was not foreseen by the world.

## Trade and economy between the two great wars:

The First World War had completely destroyed the economy of Europe. Britain which controlled and conducted the then world economy and all its economic centres were badly destroyed. The other economic systems of Europe, Germany, France, Italy etc. were also greatly affected. On the contrary the economic system of the United

**Economic depression** : The situation in the economic system when development of all the three pillars of economy—agriculture, industry and trade interrupted, lakhs of people would become jobless, banks and companies could experience bankruptcy and both money and goods have no importance in the market.

States of America and colonial countries widely developed and expanded. As in India in that time, the development in textile jute mining sectors etc. became possible by the effort of Indian industrialists. Tata, Birla, Godrej, Jamuna Lal Bajaj etc. are gift of this development.

After the end of the world war I, a serious effort was made by the USA to restructure the European economy. Since, at that time the USA was the only country that could reconstruct Europe. With their efforts from 1920 to 1927 there was remarkable economic progress in Europe and America. Simultaneously, on the basis of progress in technology, new industries were developed on a large scale. The American companies and government also got a great profit with the progress of America, which America invested in giving loans to European countries. The USA registered great progress in three sectors, agriculture, housing and manufacturing (motorcar industry). But this situation did not last long. By the advent of 1929, the whole world was engulfed in such an economic crisis as it had never experienced.

### (a) Causes of economic depression:

The basic cause of the economic depression in 1929 was inherent in its

#### **New term :**

**Share Bazar (Market)** : A place where the market value of commercial and industrial companies are determined.

own the economic system. In the four years of the First World War, barring Europe, market based economy continued to be expanded, its profits increased. But on the other side most of the people

suffered greatly in poverty and scarcity. The increase in the production due to progress of new technology and increasing profits created such a situation that there were very few buyers of the produced goods.

**New Term :**

**Sattebazi** : To purchase share of companies by investing capital so that they could be sold on increasing of value.

The problem of excess production of agricultural sector was going on. The excess production in agricultural sector continued even after the First World War, but the buyers of the production were very meagre. That caused fall in price of the productions. The income of farmers decreased due to falling price. So to cope with the situation they increased the production further so that the income level could be maintained by selling more goods at cheaper price. It augmented the flow of agricultural products in the market and prices further receded. Agricultural products, being dumped, began to rotten. Assessing the situation, modern economist Cadliff in his book 'the Commerce of Nation' mentioned that devaluation of agricultural products and food grains in all parts of the world was the main cause of economic crisis of 1929-32.

In the mid decade of 1920, many countries wanted to develop their totally collapsed economy due to war, by taking debt from America. As long as their condition was better, the American capitalists gave loan to Europe, but with having same signs of crisis at the domestic level they pressed for repayment of the loan. This created a grave crisis before all European countries. In this situation many European banks became bankrupt. Money value of many important countries devalued. A big crisis occurred when Europe made herself dependent on mechanical production.

After the First World War Europe lost her monopoly on this sector. She got great challenges from Canada, Russia and colonial countries. Russia and Canada produced cheaper food grains that caused destruction of agricultural based European countries.

Following signs of crisis, America started protective measures. She increased double the excise duty on the imported goods and simultaneously



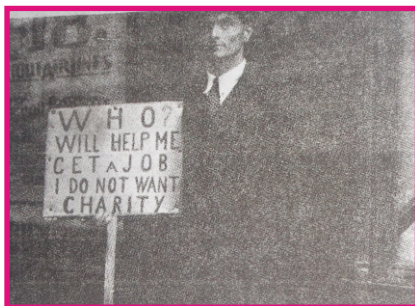
fixed a limitation on the quantity of import. With the gradual spread of the crisis in other countries all states wanted to make effort to produce most of the commodities of their needs on their own.

This contracted economic nationalism broke the backbone of the market of world trade. The tendency of Satta-bazi (betting) that began in the American market during economic depression proved decisive. There was great increase in the American economic development after the 1st World

**New term:**

**Protectionism** : To impose high import duties on the foreign goods to protect own product from the harm of imposed goods.

War, and it attracted the capitalists of America to invest their surplus capital in Satta (betting). In the beginning they got very much profit, it was the culmination of the economic development. After that the real crisis started, that emerged through the famous share market — New York Stock Exchange (Bal street).



**Impact pf economic depression**

**(b) Impact of economic depression:**

America had to suffer the worst impact of the depression. Due to depression the bank stopped sanctioning loans to the people and intensified the realization of debt, the farmers were ruined. All business activities came to stand still, the bank's loan were not repaid. The banks confiscated the people's goods (house, car, essential goods). The people became homeless. The economic activities being disturbed, the unemployment increased. Banks were ruined due to no payment of loans and many companies closed down. More than 4000 banks were closed till 1933 and about 110000 companies became sick.

Among the other countries affected by the economic depression, Germany and Britain were worst effected. France could make herself unaffected, because she had got a big amount from Germany in the form of war compensation. The condition of Germany remained the worst. In the age of economic development just after the First World War her condition did

not change because she had to pay the compensations for war. The two years— 1922 and 1923 were the worst, as her currency was greatly devalued in these years. There was a little improvement in the condition after 1924. From this year she got heavy loan from the United States of America. It brought a considerable reform in the economy, but the great depression of 1929 brought her back in the previous situation of 1919.

About 60 lakh of people became jobless and the whole country was indulged into anarchy. Taking advantage to this situation, Hitler enthroned himself. After 1929 Britain experienced a steep fall in production, export, employment, import and on the standard of living. About 35 lakhs people were thrown jobless. To come out of this depression, strict measure like protectionism was adopted, adverse to the market economy, that widely affected the world trade.

If we observe the impact of this great depression on India, it is obvious that by the beginning of the 20<sup>th</sup> century the global economy had integrated to a great extent. There was an immediate effect of the great depression on Indian economy also. The export-import, between 1928 to 1934 reduced to about half. The prices of agricultural products fell down immensely. The example of that is the 50% fall in the price of wheat in India between 1928 and 1934. In comparison to urban people, the villagers were more affected. In spite of the fall in price of agricultural products, the British government was not ready to reduce the Lagaan (land tax), that caused resentment among farmers. The cultivator of the cash crops had devastating impact of this because production cost on that crops was very high and having no income in that ratio, they came under the grips of the *Mahajans* debts. For the first time, in these years, India started to export gold and this was done by Britain to compensate the shortage of gold in her country. In this context we can say that the great depression played a very important role in starting the civil Disobedience Movement.

**(c) Changing International relation with reference to world market:**

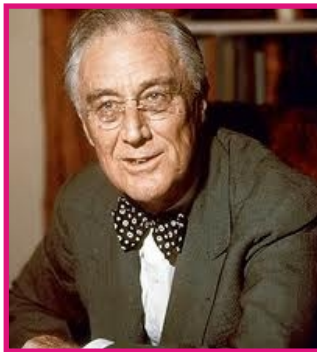
the economic factors or economic situation had an important role in the development of international relation after 1920. Considering the depression of 1929 as base year, the economic relationship developed

between 1920 and 1945 can be understood by dividing them into two phases. The period from 1920 to 1929 was mainly the period of economic progress and development. After the first great-war, the influence of Europe over the world diminished. However her control over colonies (Asia-Africa) continued, but in this period, three countries — the United States of America, Japan and the Soviet Union (Russia) emerged as the most powerful power centres of the world. In America, the two years, just after the war was a period of economic crisis. This crisis emerged as a consequence of the receding demands. One lakh people became jobless in these two years and series of labour strikes started. The situation changed greatly after 1922. On the basis of technological development there was expansion of industries, for which the sale of 50 lakh cars in 1928-29 is an evidence. America had to see a negative consequence of this development; the economic power and authority became centralised among few persons and companies.

**New term:**

**New-deal :** A new policy related to public welfare plan in which besides economic sectors, the political and administrative policies were also regularised.

Russia and Japan also made remarkable progress in economic field from 1920 to 1929. Russia tried advertising and expanding her new economic



Franklin D. Roosevelt

system on the world level; to maintain her economic progress, Japan adopted an aggressive form of imperialist ambitions making China a victim for that. In this period, the expansion of national consciousness in India and other colonial countries developed in a decisive way because they had faced economic crisis after the first great-war. Secondly, the promise of Swaraj, made by the ruling countries was not fulfilled.

The international relation that emerged after 1929 had only one objective either to stop or reduce the ill effects of economic depression. The beginning of the great depression started from America and continued till 1933. In the meantime Franklin D. Roosevelt emerged in American politics (1932). He executed 'New Deal' — the novel

economic policies in America. Under this a broad programme for public welfare started. The main objective of this was to maintain balance between agriculture and industry and simultaneously to protect human society and independence. Under public welfare loans were sanctioned for railways, roads, bridges and works related to local development so that occupation could flourish and people get jobs. In the industrial sectors regulation of trade and production, embankment in wages, fixation of working hours, checking prices hikes etc. were made. In the agricultural sector, effort was made to bring the purchasing powers of the farmers and general economic conditions to pre-war level.

Efforts were made in the European countries to come out of depression. All the governments established a very strict money control system. Agriculture dominated Eastern European countries (Bulgaria, Hungary, Rumania, Chekoslovakia, Serbia) and British Common Wealth (the union of the countries separated from British Empire) balanced their import and export by making an agreement in Ottawa in 1932. Countries like Norway and Sweden made a regional management like Oslo block. Lozano Summit was held in 1932, in which compensation amount to Germany was reduced, with a view to augment the trade. In that time the foreign minister of France, Briya, gave a suggestion for the first time to form an economic federation, in Europe, but that could not succeed. With the aim of solving the crisis on the level of League of Nations a conference was convened in 1933 in London, in which 67 countries participated. In this summit discussions were made to stabilize money and to adopt the policy of mutual trade and cooperation in international trade by abolishing the policy of protectionism. All the countries extended their support but it could not be successful in the then political situation.

With reference to the economic depression we see two important changes in the political situation of Europe Firstly, the attraction of socialist economic and political system established in Russia, increased across the world. Because, she was the only country, who did not have much impact of the depression. Secondly, the emergence of dictatorship system of

**New Term:**

**Dictatorship** : The political and administrative system in which all powers are centralised in one hand. That person, taking advantages of the situation makes an image of hero among the mass.

government in Italy and Germany. Since all the countries were intimately engaged in coping with the problems of depression, they could not see and understand the new political tendencies emerging in those two countries. The failure of democracy in Italy and Germany and the emergence of dictatorship and despotic system engulfed many other countries of Europe such as Spain, Austria, Greece etc. The political system emerged after economic depression in Europe made the second great-war inevitable through its policies.

### **The changes after the decades of 1950:**

After the end of the second great-war, reconstruction work began on international level to solve the problems resulting from the war and to meet out the great destruction. The effort came into existence in 1945 in accordance with the decision of Yalta Conference (a place in present Russia). The summit was organised by the United Nation Organisation. The UNO got started all these works done through its various agencies (UNESCO, WHO, International Labour Organisation, International Court of Justice) etc. but all practical work of reconstruction was done under the supervision of two powerful countries — the USA and the Soviet Union (Russia). Both these countries were of different economic systems. All post war economic international relation developed in reference to their specialities.

Taking lesson from economic experiences between two great-wars, it was decided that the market based economy cannot sustain without consumption (This lesson was got from 1929 depression). The other thing that, backbone of economic system, the target of employment can be achieved only when the government has power to control the come-and-go of goods, capital and labour. Therefore, the main objective of the international economic system after the second great war was to maintain economic stability and complete employment in industrial world. Since, it was also felt that the world peace could also be established on this basis. On the above economic thinking and objective a United Nation Monetary and Financial Convention was held in July, 1944 at 'Breton woods' — a place situated in America's Hampshair. In that conference a consensus was arrived at and thereafter IMF (International Monetary Fund) was founded. To make arrangement of money for post-war reconstruction, International Reconstruction and Development Bank (World Bank) was also founded. Both these financial institutions are known as twin offspring too. Both the

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institutions started functioning formally in 1947. The influence of the USA is prevalent over these two institutions and even today she takes its considerable usage in determining her international economic policies and relations.

**(a) International Economic Relation in the decades of 1945-1960:**

We shall see, the international economic relation developed in the decades 1945 to 1960, dividing into three areas. After 1945, in the world, influence of two economic systems increased and both of them tried to increase their influences and policies on the world level. In this situation, in the world, a new economic and political rivalry emerged. The whole world divided mainly into blocks. First, a block of the countries of the capitalist economic system, headed by the Soviet Union, with the characteristics of state controlled economic system, and the other was the block of the capitalist countries, with their speciality of market and profit based economic system. It was headed by the United States of America. She made serious efforts of expanding her economic system in the Soviet Union, Eastern Europe (Hungary, Romania, Bulgaria, Poland, East Germany etc.) and newly independent countries like India. She got full success in eastern European countries like North Korea and Vietnams while in countries like India she could only bring in her influence.

The second area comes under the international economic relations developed among the countries of the capitalist economic system. This sector was completely governed by the United States of America. Its main objective was to check the increasing influence of capitalist economic system and thought. The United States of America forcibly imposed her policies in two areas of the world, the South America and the Oil rich countries of middle and West Asia (Iraq, Iran, Saudi Arab, Jordan, Yamen, Syria, and Levin). The USA, in the countries of the South American continent established her influence by going to the extent using military power, through her intelligence agency C.I.A., while she succeeded in maintaining her influence in the countries of West Middle Asia by establishing a new Jews nation, Israel, in the highly Arab populated Palestine. Actually America knew this that the source of energy named oil and gas is the backbone of the modern form of market based economy. That was lacking by most of her fellow countries of the capitalist economic system. Therefore she wanted to maintain her director

control over this sector. In present time the exploitation of this resource in most of the countries of that region is being done by the companies of the USA or her fellow nations. However, it is to be noted that in the America's established influence in that region, the contribution of America's political and administrative system was a lot. The form of the government in all these countries is monarchy or autocracy, in which the voice of people is not heard.

The other part of the second area was Western Europe (Britain, France, West Germany, Baltic country Spain). Here also emerged important economic relation in the decades from 1945 to 1960. After 1945 the important characteristic of this area was such that the influence of these countries in the world politics and economic area had become considerably weak. By 1970 all colonies established by her in Asia and Africa were seized back, by exploiting the resources of which they had established their influence over the world. With the aim of solving the problem and protecting the expansion of capitalist thought, a new age of cooperation and coordination began which came to be known as Unification (European Unification). In this direction, we see the first effort, before 1945 in the European Union thought of the foreign minister of France, Bria, but its beginning in actual form became evident in 1944, when the Netherland, Belgium and Luxemburg formed 'Benelux' union. Similarly, Brussels agreement held in 1948, in which the process of European Economic Cooperation was started through the medium of coal and steel. In the mid of these efforts the biggest step was taken; European Economic Community was founded in 1957. France, West Germany, Belgium, Holland, Luxemburg, and Italy joined it. These countries established a common market. Great Britain became its member in 1960. We shall always have to keep in mind, among these efforts, that the direct influence of the USA continued in all these countries apparently because all economic assistance was provided by her in the post-war reconstruction.

After the second great war, there was a third block where new economic relation developed, that was the block of newly independent countries in Asia and Africa. With the independence of India in 1947 a new wave of independence arose in these countries and in 15 years almost all the countries got independence. Both the great economic powers of the contemporary world — The USA and the Soviet Union wanted to establish



**An Iron and steel company in India**

their influence on these countries. In this effort the World Bank and the International Monetary Fund provided full support to America while Russia was using its thought and political powers more. Since all the newly independent countries had completely deteriorated economically during prolonged colonial rule, so they wanted both economic and political assistance from them for the safeguard of their independence. Both the countries helped them according to their policies and economic thoughts, and simultaneously increased their influence upon them. In this effort, the multinational companies of America helped her. For this we take example of the Iron and steel industry, which was developed by America, her allied countries and Russia.

**(b) Inter-relative Study of Globalisation and Modern Livelihood:**

Globalisation is a worldwide accommodation process of political, economic, social, scientific and cultural life that makes a successful endeavour to unify the people in different parts of the world, at physical and psychological levels. Therefore, the similarities and uniformities in the activities done by the people in all spheres of life found on the world level, will come under globalisation. As in terms of dress and food, some basic characteristics are commonly being found in all countries of the world.

**Globalisation:** An international feature of all areas of life, that have inter-connected all regions of the world and the whole world has transformed into a big village.



There has been difference of opinions among the historians and the philosophers in terms of the emergence of globalisation. Some scholars are of the view that the process of globalisation, in any form, has been going on since the beginning of the human history and its features have been changed in accordance with time. While the other group of the scholars see globalisation connecting to capitalism that emerged in the modern time. From this point of view its relation is intimately connected to capitalism.

**New term:**

**Capitalism:** A system based on capital that survives on market and profit.

With reference to these scholars the advent of globalisation can be considered between 15<sup>th</sup> & 16<sup>th</sup> centuries that is obviously connected to modernisation and capitalist tendency. From the mid of 19<sup>th</sup> century, when capitalism became a world-wide system, the nature of globalisation continued to be wide. This time, the export of capital became a main feature of international economic relation and the quantity of trade also increased considerably.

The process of globalisation remained very fast from the middle of nineteenth century to the beginning of the first Great War. In this period the flow of goods, capital and labour continuously increased. The new technologies developed in

**New term:**

**Cold war:** Military conflict between the leaders of the state controlled and market controlled countries — the USA and the Soviet Union.

the period also gave remarkable contribution to its development. But the process of globalization between 1914-1991 became slow. The whole process of globalisation remained suspended due to two great wars, socialist revolution, creation of soviet union and its block, and the end of colonialism, and emergence of many new independent countries like India and to reserve their market and resources for their independent economic development and cold war. The great depression between 1929-1930 made the whole process stagnant and stopped completely the flow of trade and capital. When after 1991 the Soviet Socialist block disintegrated, the latest new concept of capitalism developed again in a new form.

John Williamson of the USA was the first to use the word globalization in 1990. It was first started in Latin America by the USA as its important economic policy. The countries had become very weak economically after the decade of 1980. Gradually it became the symbol of the economic system of the world. To establish it the World Bank and the International Monetary Fund came into existence in 1995. World Trade Organisation (WTO) and large trading and industrial companies (multinational company) of the capitalist's countries extended great contribution. At the same time, the regional organisations were formed to keep their economic interests safe and protected. these organisations such as G-8, OPEC, ASEAN, European Union, G-15, G-77, SAARC etc. played a very important role in developing the process of globalisation.

**Multinational Company:** The companies running their business and trade in many countries simultaneously is called as multinational company. Such type of company emerged after 1920 that developed widely after the Second World War.

### **Interrelationship between globalization and modern livelihood:**

The impact of globalization, in the present scenario, can be seen very clearly in the economic sector. After the end of the cold war the military power was left behind by economic power. Now the assessment of the power and capacity of a country began to be assessed on the basis of the property of her citizens rather than the number of arms, or the weapons available with them. The economic nature of globalisation is very important in establishing the power of economic system. Open market, free trade, open competition, expansion of multinational corporates, and privatisation of service sector are main components of the said economic globalisation. The only objective of this process is to transform



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the world into a free trade zone in which there is a big role of important international organisation and institutions as well regional federations

The present time, in which we live, the impact of economic globalisation is reflecting on the common life of the people. The changes which occurred in the area of livelihood due to globalisation, is clearly seen everywhere, in cities, towns and villages. After 1991, there has been expansion in service sectors at a very fast speed in all over the world. This has opened many new areas for livelihood. The meaning of service sector is related to the economic activities in which people pay for the different services provided to them. Such as transportation facilities (bus, aeroplane, taxi), the facilities given in the banking and insurance sectors, telecommunication and information technology (mobile, phone, computer, internet) hotel and restaurant, shopping malls in big cities (a place where all essential commodities of life are available) call centre (the place where information in terms of all activities of a company are given on phone or internet) etc. All above mentioned sectors have expanded speedily during globalisation through which people have got new opportunities for livelihood.

Whether you live in a village or town, you might have observed that



A common girl talking on mobile

many large shops have been opened to provide mobile phone and the service related to it. They all get a fair income. In this way workers of many private companies & banks (Reliance, ICICI bank, and the largest bank in private sector) will meet you canvassing to invest in beneficial schemes. This is the expansion of insurance sector. Lakhs of people from village and town are getting employment in this sector. The people living around the tourist places in India or Bihar (like Bodh Gaya), became available such as tour and travel agency (transportation facility), restaurant, rest house, residential hotel, etc. You might be observing under information and communication that private postal services (courier service), providing instant photograph

through computer, to print the written materials, to provide information regarding examinations result, to give latest information etc. are the activities which are carried out simultaneously. Thousands of people in India and Bihar have got employment in this sector. Thus we can say that the economic globalisation has increased the circle of our needs accordingly and for their fulfilment new services are emerging, associating to which lakh of people are getting their livelihood. The process has also increased the life standard of the people. This is the interrelationship between globalisation and livelihood in the contemporary age.

Thus, in the modern time, under economic system, we discussed such global economic system and world market that had tremendous impact on economic and political life. After 1919, the influence of the United States of America and the Soviet Union increased immensely in world-wide economy in place of Europe that after the second Great War became decisive in the world market and political system. After 1991, under the very world market, a new economic trend 'globalisation' emerged that was directly associated with privatisation and liberalisation. Globalisation made the United States of America the central point of the economic system of the whole world. Her currency, dollar, became the standard currency of the whole world. Her companies got permission to carry out economic activities in the world. Therefore, globalisation, liberalisation and privatisation originated American central world economic system. Today, the world has become monopole and is running at the direction of the powerful country, the USA. In economic sector, globalisation gave birth to new economic imperialism, the impact of which is being felt, today all over the world.

## EXERCISE

### Multiple choice question:

- From which land route trade between Asia and Europe was carried out?  
(a) Cotton route (b) Silk route  
(c) North way (d) South way
- Which was the city that emerged as the first world market?  
(a) Alexandria (b) Dilmun  
(c) Manchester (d) Bahrain
- In modern time, which was the biggest revolution in the economic system?  
(a) Commercial revolution (b) Industrial revolution  
(c) Communist revolution (d) Geographical discovery
- From which region of Bihar were the Girmitia Mazdoors sent?  
(a) Eastern region (b) Western region  
(c) Northern region (d) Southern region
- From which time did the expansion of world market start?  
(a) 15<sup>th</sup> Century (b) 18<sup>th</sup> Century  
(c) 19<sup>th</sup> Century (d) 20<sup>th</sup> Century
- Which year did the world-wide economic crisis emerge?  
(a) 1914 (b) 1922  
(c) 1929 (d) 1927
- Which government system emerged in Europe due to economic crisis (depression)?  
(a) Communist government system  
(b) Democratic government system  
(c) Fascist Nazist Administration  
(d) Capitalist government system
- In which year was the Bretton woods conference held?  
(a) 1947 (b) 1948  
(c) 1944 (d) 1952

9. In which decade did globalisation start?  
 (a) In the decade of 1990 (b) In the decade of 1970  
 (c) In the decade of 1960 (d) In the decade of 1980
10. After the second Great War, which organisation in Europe emerged to remove the economic ill effects?  
 (a) SAARC (b) NATO  
 (c) OPEC (d) European Union

### Fill up the blanks:

- The first world market named Alexandria was established by \_\_\_\_\_
- The global economic crisis started from the country, \_\_\_\_\_.
- The World Bank and the International Monetary Fund was founded by \_\_\_\_\_ convention.
- Due to economic crisis a very big social problem named \_\_\_\_\_ emerged on the world level.
- After 1990 \_\_\_\_\_ intensified the process of globalisation

### Match correctly from column 'A' to column 'B':

| Column 'A'                       | Column 'B'   |
|----------------------------------|--------------|
| (a) Industrial revolution        | Germany      |
| (b) Emergence of Hitler          | England      |
| (c) World Economic depression    | 1944         |
| (d) Establishment the World Bank | 1929         |
| (e) Beginning of Globalisation   | Ancient Time |
| (f) Beginning of World Market    | After 1990   |

### Very short answer questions (answer in 20 words):

- What is called World Market?
- What is industrial revolution?
- What do you mean by economic crisis?
- What is called as globalisation?
- What was the main objective of Bretton woods conference?
- What is a multinational company?

**Short answer question (answer in 60 words):**

1. Explain briefly the causes of the economic crisis of 1929.
2. How did the industrial revolution expand the nature of world market?
3. Elucidate the nature of world market.
4. Explain the role of multinational companies in globalisation.
5. Focus on the efforts made after 1950 for restructuring the world economic system.
6. Explain the impact of globalisation on India.
7. Write a short note on the advantage and disadvantage of world market.

**Long answer questions (answer in 150 words):**

1. Explain the causes and effects of the economic crisis of 1929.
2. Focus on the economic relations developed on the world level between 1945 to 1960.
3. Explain the changes that came in the life of common masses due to globalisation.
4. Write note on the political and economic relations developed between 1919 & 1945.
5. Write an essay on the national movement in the colonial countries between the two great wars and after 1945.

**Discuss in the classroom:**

1. How did globalisation increase impact of the United states of America across the world? Explaining it with some examples, discuss with your classmates in the presence of the teacher.
2. Discuss in class regarding the things used by you that is available in the whole world. Take help of your teacher in this discussion.

