

Lesson No. 4

The Making of a Global World

Summary

1.3 Conquest, Disease and Trade :

- In 16th century after European sailors found a sea route to Asia, they discovered America.
- The Indian subcontinent had been known for bustling trade with goods, people, customs and knowledge . It was a crucial point in their trade network.
- After the discovery of America, its vast lands and abundant crops and minerals began to transform trade and lives every where.
- Precious metals, particularly silver from mines located in Peru and Mexico enhanced Europe's wealth and financed its trade with Asia.
- The Portuguese and Spanish conquest and colonization of America was under way. The most powerful weapon of the Spanish conquerors was not a conventional military weapon but germs of small pox which they carried. America's original inhabitants had no immunity against such type of diseases.

2.1 A World Economy Takes Shape :

- Abolition of the Corn law.
- Under pressure from landed groups the government restricted the import of food grains.
- After the corn laws were scrapped, food could be imported into Britain more cheaply than it could be produced in the country.
- British farmers were unable to compete with imports. Vast areas of land were left uncultivated.
- As food prices fell, consumption in Britain rose.
- Faster industrial growth in Britain led to higher incomes and more food imports.

4.1 Bretton Woods Institutions :

- To deal with external surpluses and deficits a conference was held in July 1944 at Bretton woods in New Hampshire U.S.A.
- International Monetary fund and world Bank were set up to finance post war reconstruction.
- The post war international economic system is known as Bretton woods systems.
- This system was based on fixed exchange rates.
- IMF and World Bank are referred as Bretton Woods Twins.
- U.S has an effective right of veto over key IMF and World Bank.

4.3 New International Economic Order - NIEO

- Most developing countries did not benefit from the fast growth of Western economies

in 1950's & 60's.

- They organized themselves as a group. The group of 77 or G-77 to demand a new international economic order (NIEO).
- It was a system that would give them real control over their natural resources more development assistance, fairer prices for raw materials and better access for their manufactured goods in developed countries markets.

Questions :

1. Explain how the Global transfer of disease in the pre-modern world helped in the colonialism of the Americas?
2. Why did the British Government had to take the decision to abolish the corn laws?
3. What do you mean by bretton Woods Agreement? What was its aim?
4. What is referred to as the G-77 countries? In what way can G-77 be seen as a reaction to the activities of bretton Woods Twins?