THE MAKING GLOBAL WORLD

Q1. Define Globalization.
Ans. By globalization we mean increasing integration between different economies of the world. This is achieved with removal of barriers on free flow of goods, services and capital between Nations.

Q2. Discuss the sources of interlinkage between the nations in the ancient past?
Ans. From ancient times, travelers, traders, priests and pilgrims traveled vast distance for knowledge opportunity and spiritual fulfillment, or to escape persecution. They all serve as source of interlinkage between the nations also.

Q3. Examine the effect of this interlinkage among the nations.
Ans. Transformation of goods, money values, skill, ideas, inventions and even germs and diseases.

Q4. What were cowdis?
Ans. These are seashells, used as a form of currency in international exchange of goods among Maldives, China and East Africa.

Q5. How did Silk Route link the world?
Ans. a. The silk routes are a good example of trade and cultural link between distant parts of the world.
   b. Historians have identified several silk routes, over land and sea, knitting together vast regions of Asia and linking Asia with Europe and Northern Africa.
   c. Chinese pottery traveled the same route, as did textiles and spices from India and Southeast Asia.
   d. Precious metals—gold and silver—flowed from Europe to Asia from this route.
   e. Buddhism emerged from eastern India and spread in several directions through intersecting points on the silk routes.

Q6. “Food offers many examples of long distance cultural exchange”. Justify this statement. Or
In what ways did food items offer scope for long distance cultural exchange?
Ans. 1. Traders and travelers introduced new crops to the lands they traveled.
   2. It is believed that noodles traveled west from China to become spaghetti.
   3. Arabs traders took pasta to 5th century Sicily, an island now in Italy.
   4. Many of our common foods such as potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes and so on were not known to our ancestors. These foods were only introduced in Europe and Asia after Christopher Coolumbus accidently discovered America.

Q7. How did the new crops make the difference between life and death?
Ans. Europe’s poor began to eat better and live longer with the introduction of the humble potato.
Ireland’s poorest peasants became so dependent on potatoes that when disease destroyed the potato crop in the mid 1840s, hundreds of thousands died of starvation.

Ans. 1. Till the 15th Century, silk routes were the principal route to travel between Asia and the Europe of Asia and Africa.
2. America had not been discovered.
3. Goods and people had to travel long distances for any type of exchanges.
4. Two major events of history in this period of time were as follows:
   a. European sailors found a seas route to Asia.
   b. European sailors also successfully crossed the western ocean to America.
5. Because of these two developments, movement of goods and people between different continents became shorter and faster.
6. In other words, pre-modern world shrunk greatly in the 16th century.

Q9. What was the most powerful weapon of the Spanish conquerors?
Ans. a. The Portuguese and Spanish conquest and colonise America decisively.
b. European conquest was not just a result of superior firepower, the most powerful weapon of the Spanish conquerors was the germs such as those of smallpox that they carried on their person.
c. Because of their long isolation, America’s original inhabitants had no immunity against these diseases that came from Europe.
d. Smallpox proved a deadly killer, it killed and decimated whole communities, paving the way for conquest of European.
e. Guns could be bought or captured and turned against the invaders, but not disease such as smallpox to which the conquerors were mostly immune.

Q10. Why did European flee to America in 19th century?
Or Describe the economic conditions in Europe until the 19th century.
Ans. European fled to America in the 19th century because:
   a. Until the 19th century poverty and hunger were common in Europe.
b. Cities were crowded and deadly diseases were widespread.
c. Religious conflicts were common and religious dissenters were persecuted.
d. In America, plantations were growing cotton and sugar for the European markets. These plantations were worked on by slaves.

Q11. How did Europe emerge as the centre of world trade?
Ans. a. Until well into the 18th century, China and India were among the world’s richest countries, they were also pre-eminent in Asian trade.
b. Two major factors that led to the emergence of Europe as the centre of world trade were as follows:
   i. China restricted its overseas contracts; it was gradually retreating into isolation.
ii. Importance of America was gradually rising, as it had vast lands, abundant crops and minerals. The plantations in America produced cotton and sugar for the European markets.

The result was that Europe emerged as the centre of world trade in the 18th Century.

LESSON-2
THE NINETEENTH CENTURY(1815-1914)

Q1. Describe the important developments that greatly shrank the pre-modern world.

Or

Explain the three types of movement or flows within international economic exchange that economists have identified.

Ans. 1. The world changed a lot in the 19th Century. Many political, economic, social, cultural and technological factors interacted in complex ways to transform societies and reshaped relations between countries.

2. Economists have identified three types of movements or flows within international economic exchanges:
   a. The first is the flow of trade in goods like cotton or wheat.
   b. The second is the flow of labour - the migration of people in search of employment.
   c. The third is the movement of capital for short term or long term investments over long distances.

3. All three flows were closely interwoven and affected people's lives more deeply now than ever before.

Q2. Why were Corn law introduced and later abolished in Britain in the 18th century?

Ans. 1. Population growth from the late 18th century had increased the demand for food grains in Britain pushing up the prices. Under pressure from farmers, the government restricted the import of corn. These laws were commonly known as ‘Corn laws’.

2. On the other hand, the industrialists and people living in cities forced the government to abolish Corn laws.

Q3. Describe the impact of food import on Britain in the 19th century?

Ans. 1. After the corn law were abolished, food could be imported into Britain more cheaply than it could be produced within the country.

2. British agriculture was unable to compete with imports.

3. Vast areas of land were now left uncultivated, and thousands of men and women were thrown out of work.

4. They flocked to the cities or migrated overseas.

5. As the food price fell. Consumption in Britain rose.

6. Faster industrial growth in Britain led to higher incomes and therefore more food imports.

Q4. Describe dramatic changes occurred in west Punjab in the 19th century.

Ans. a. The British Indian government built a network of irrigation canal to transform semi-desert wastes into fertile agricultural lands that could grow wheat and cotton for export.
b. The canal colonies, as the areas irrigated by the new canals were called, were settled by peasants from other parts of Punjab.

Q5. Explain, giving examples, the role played by technological inventions in transforming 19th century world.

Ans. a. The railways. Steamships, the telegraphs were important inventions without which we cannot imagine the transformed 19th Century world.

b. Colonisation stimulated new investments and improvements in transport; faster railways, lighter wagons and larger ships helped move food more cheaply and quickly from faraway farms to final markets.

c. The trade in meat can be cited as a good example of this connected process. Till the 1870s, animals were shipped live from America to Europe. They were slaughtered when they arrived there. This process had numerous problems. Live animals took up a lot of ship space. Many of them either died or fell ill and became unfit to eat. As a result meat had become an expensive luxury and the European poor never afforded to buy it.

d. With the development of a new technology, namely refrigerated ships, it became possible to transport the perishable foods over long distances. Now animals were slaughtered for food at the starting point- in America, Australia or New Zealand- and then transported to Europe as frozen meat. This reduced shipping costs and lowered meat prices in Europe. Now poor in Europe could consume a more varied diet. Better living conditions promoted social peace within the country and support for imperialism abroad.

Q6. Explain the darker side of expanding trade in the 19th century?

Ans. 1. Trade flourished and markets expanded in the late 19th century, but there was a darker side to this process.

2. In many parts of the world, these developments meant loss of freedoms and livelihoods.

3. Late 19th century Europeans conquest brought about many destructive economic, social and ecological changes in the colonies.

4. e.g.- in Africa, in the 1890s, a fast spreading disease of cattle plague or rinderpest had a terrifying impact on people’s livelihoods and the local economy.

5. The example of indentured labour migration from India illustrates that it was a world of faster economic growth for some and great misery and poverty for others, technological advances in Europe and new forms of coercion in Asia and Africa.

Q7. Describe the impact of 'Rinderpest' on African lives.

Ans. 1. Rinderpest was carried by infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa in the 1880s.

2. It reached the Cape Town five years later and killed 90 per cent of the cattle.

3. Rinderpest had a terrifying impact on people’s livelihoods and local economy.

4. Historically, Africa had abundant land and a relatively small population. For centuries, land and livestock sustained African livelihoods and people rarely worked for a wage, but in late 19th century Africa there were a few consumer goods that wages could buy.

Q8. Why were Europeans attracted to Africa in the 19th century?

Ans. 1. In the late 19th century, Europeans were attracted to Africa due to its vast resources of land and minerals.
2. Europeans came to Africa hoping to establish plantations and mines to produce crops and minerals for export to Europe.
3. But in Africa- a shortage of labour willing to work for wages.

Q9. Describe the methods used by Europeans to recruit and retain labour in Africa.
Ans. Employers used many methods to recruit and retain labour –
   1. Heavy taxes were imposed which could be paid only by working for wages on plantations and mines.
   2. Inheritance laws were changed so that peasants were displaced from land; only one member of a family was allowed to inherit land, as a result of which the others were pushed into the labour market.
   3. Mineworkers were also confined in compounds and not allowed to move about freely.

Q10. What was indentured labour?
Ans. A bonded labourer under contract to work for an employer for a specific amount of time, to pay off his passage to a new country or home.

Q11. How was indentured labour migration from India illustrated the two sided nature of the 19th century world?
Ans. a. It was a world of faster economic growth.
   b. It was a world of great misery, higher incomes for some and poverty for others.
   c. It was a world of technological advances in some areas and coercion in others like Asia and Africa.

Q12. What circumstances compelled Indians and Chinese to work as indentured labour in plantation and mining?
Ans. a. In the 19th century, hundreds of thousands of Indian and Chinese labourers went to work on plantations, in mines, and in road and railway construction project around the world.
   b. In India, indentured labourers were hired under contracts which promised return travel to India after they had worked five years on their employer’s plantation.
   c. They came from the present day regions of eastern Uttar Pradesh, Bihar, Central India and the dry districts of Tamil Nadu because in the mid 19th century these regions experienced many changes-cottage industries declined, land rents rose, lands were cleared for mines and plantations.
   d. All this affected the lives of the poor; they failed to pay their rents, became deeply indebted and were forced to migrate in search of work.

Q13. Which were the main destinations of Indian indentured migrants?
Ans. 1. The main destinations of Indian indentured migrants were the Caribbean islands (mainly Trinidad, Guyana and Surinam), Mauritius and Fiji.
   2. Tamil migrants went to Ceylon and Malaya.
   3. Indentured workers were also recruited for tea plantations in Assam.

Q14. What methods were used for the recruitment of the Indentured labour?
Ans. 1. Recruitment was done by agents engaged by employers and paid a small commission.
2. Many migrants agreed to take up work hoping to escape poverty or oppression their home villages.
3. Agents also tempted the prospective migrants by providing false information about final destinations, modes of travel, the nature of the work, and living and working conditions.
4. Often migrants were not told that they were to embark, on a long sea voyage.
5. Sometimes agents even forcibly abducted less willing migrants.

Q15. In what way did he Indentured labour contribute towards the cultural fusion in emerging global world.

Ans.  a. Workers discovered their own ways of surviving.
      b. They developed new forms of individual and collective self expression, blending different cultural forms, old and new.
      c. In Trinidad the annual Muharram procession was transformed into a riotous carnival called ‘Hosay’ (For Imam Hussain) in which workers of all races and religion joined.
      d. Similarly, the protest religion of Rastafarianism (made famous by the Jamaican reggae star Bob Marley) is also said to reflect social and cultural links with Indian migrants to the Caribbean.
      e. ‘Chutney music’, popular in Trinidad and Guyana is another creative contemporary expression of the post-indentured experience.
      f. These forms of cultural fusion are part of the making of the global world.

Q16. Write about Indian trading communities who operated in South East Asia.

Or

How did Indian Bankers participate in the growing global market in the 19th century?

Ans. 1. The Shikaripuri Shroffs and Nattukottai Chettiars were amongst the many groups of bankers and traders who financed export agriculture in Central and Southeast Asia.
      2. They either used their own funds or those borrowed from European banks.
      3. They had sophisticated system to transfer money over large distances and even developed indigenous forms of corporate organization.
      
Or

Point 1-3 and
4. Indian traders and moneylenders followed European colonizers into Africa.
5. Hyderabadi Sindhi traders established flourishing emporia at busy ports worldwide selling local and imported curios to tourists whose numbers were beginning to swell, thanks to the safe and comfortable passenger vessels.

Q17. How did the British transform India from a cotton manufacturing country to a raw cotton exporter?

Or

Using what restrictions did the British manage to lower Indian cotton export to England.

Ans. Fine cotton produced in India were exported to Europe but with industrialization, British cotton manufacture began to expand, and industrialist pressurized the government to restrict cotton imports and protect local industries.

Or
a. Tariffs were imposed on cloth import onto Britain. Consequently, the inflow of fine Indian cotton began to decline.

b. The British were excluded from the tariff, Indian textile now faced stiff competition in other international markets.

Q18. List the benefits that the British got by having a trade surplus with India?

Ans.  
   a. British manufactures flooded the Indian market.
   c. Foodgrain and raw material export from India to Britain and the rest of the world increased, Britain had a ‘trade surplus ‘ with India.
   d. Britain used this surplus to balance its trade deficit with other countries. By helping Britain balance its deficits, India played a crucial role in the late 19th century world economy.
   e. Britain’s trade surplus in helped pay the so-called ‘home charges’ that included private remittances home by British officials and traders, interest payments on India’s external debt and pensions of the British officials in India.

LESSON-3
THE INTER-WAR ECONOMY

Q1. When and between whom the First World war was fought?

Ans.  
   a. The First World War was fought between two power blocs.
   b. On the one side were the Allies- Britain, France and Russia (Later joined by the US)
   c. On the opposite side were the Central powers- Germany, Austria-Hungry and Ottoman Turkey.
   d. The begin in August 1914.

Q2. Why was the First World War Like no other war before? Explain.

Ans. The First World War was a war like no other before because-
   a. The fighting involved the world’s leading industrial nations which now harnessed the vast power of modern industry to inflict the greatest possible destruction on their enemies.

Q3. Give reason- The First world was the first modern industrial war.

Ans.  
   a. It saw the use of machine guns, tanks, aircraft, chemical weapons, etc, on a massive scale.
   b. These were all increasingly products of modern large scale industry.
   c. To fight the war, millions of soldiers had to be recruited from around the world and moved to the frontlines on large ships and trains.
   d. The scale of death and destruction-9 million dead and 20 millions injured-was unthinkable before the industrial age, without the use of industrial arms.

Q4. Why was household incomes declined after the First World war?

Ans. The household income was declined because most of the killed and maimed were men of working age. These deaths and injuries reduced the able bodied workforce in Europe.
Q5. ‘The war transformed the US from being an international debtor to an international creditor’, Examine this statement.

Ans. 1. The war led to the snapping of economic links between some of the world’s largest economic powers which were now fighting each other to pay for them.
2. Britain borrowed large sums of money from US banks as well as the US Public.
3. In this way, at the war’s end, the US and its citizens owned more overseas assets than foreign government’s and citizens owned in the US.

Q5. Describe the economic status of Britain after World war-I.

Or
Why was Britain unable to recapture Indian market after World war –I.? 

Ans. a. Britain which was the world’s leading economy in the pre-war period, faced a prolonged crises after the war.
b. While Britain was preoccupied with war, industries had developed in India and Japan.
c. So, after the war Britain found it difficult to recapture its earlier position of dominance in the Indian market, and to compete with Japan internationally.
d. Britain had borrowed liberally from the US.
e. This meant that at the end of the war Britain was burdened with huge external debts.
f. The war had led to an economic boom, that is, to a large increase in demand, production and employment but when the war boom ended, production contracted and unemployment increased.

Q6. Who were the leaders in wheat production during the World war-I?

Ans. a. Before the war, eastern Europe was a major supplier of wheat in the world market.
b. But during the war, this supply war disrupted, wheat production in Canada, America and Australia expanded dramatically.

Q7. In what ways did the new industrial practices benefit the workers in USA?

Or
Describe the industrial practices adopted by Henry Ford to speed up production and to retain workers.

Ans. a. One important feature of the US economy of the 1920s was mass production, it became a characteristic feature of industrial production.
b. Fordist ‘Assembly line’ method spread across the US and Europe-
   i. Workers wages were increased., in this way Henry Ford was able to recover the high wages by recovering by speeding up the production.
   ii. Workers could purchase cars and other durable consumer goods like refrigerators, washing machines, radios, gramophone players etc. all through the system of ‘hire purchase’.

Q8. Discuss Henry Ford’ ‘Assembly line’ method.

Or
Discuss the condition of workers working under ‘Assembly line’ method.

Ans. a. Henry Ford adapted the assembly line of Chicago slaughterhouse to his car plant in Detroit.
b. He realized ‘assembly line’ method would allow a faster and cheaper way of producing vehicles.
c. The assembly line forced workers to repeat a single task mechanically and continuously.
d. This was a way of increasing the output per worker by speeding up the pace of work.
e. Standing in front of a conveyor belt no worker could afford to delay the motions, take a break or even have a friendly word with workmate.
f. At first workers were unable to cope with the stress of working on assembly line, so they quit in large numbers.
g. Henry Ford banned trade union from operating in his plants.

Q9. When did the Great Depression begin? Discuss its impact on the world. (ref ques. 10 also)

Ans. a. The Great Depression began around 1929 and lasted till the mid 1930s
b. during this period most part of the world experienced catastrophic declines in production, employment, incomes and trade.
c. The impact of the depression varied across countries.
d. Agricultural regions and communities were the worst affected because the fall in agricultural prices was greater than that in the prices of industrial goods.

Q10. Discuss the factors led to the depression.

Ans. The depression was caused by a combination of several factors:-

a. **Agricultural overproduction** remained a problem and it was made worse by falling agricultural prices. As prices slumped and agricultural incomes declined, farmers tried to expand production and bring a larger volume of produce to the market but it pushed down prices.

b. **Finance**: In the mid-1920s, many countries financed their investments through loans from the US, it was extremely easy to raise loans in the US when the going was good. But in the first half of 1928 countries that depended crucially on US loan faced an acute crisis.

c. The withdrawal of US loans affected the rest of the world in different ways. In Europe it led to the failure of small major banks and the collapse of currencies such as the British pound sterling.

d. In Latin America, it intensified the slump in agricultural and raw material prices. The US attempt to protect its economy in the depression by doubling import duties also dealt another severe blow to world trade.

Q11. Discuss the impact of Great depression on US economy.

Ans. a. The US, the industrial country severely affected by the depression.

b. With the fall in prices and the prospect of depression, US banks had also slashed domestic lending and called back loans.

c. Farms could not sell their harvests, households were ruined, and businesses collapsed.

d. Faced with falling incomes, many households in the US could not repay what they had borrowed and were forced to give up their homes, cars and consumer durables.

e. As unemployment increased, people started looking for any work they could find.

f. Ultimately, the US banking system itself collapsed.
Unable to recover investments, collect loans and repay depositors, thousands of banks went bankrupt and were forced to close.

The Great depression had wider effects on society, politics and international relations and on people’s minds.

Q12. Describe the ways in which the Great depression affected the lives of the Indians.
Ans. a. The depression affected Indian trade, India’s exports and imports nearly halved between 1928 and 1934.
b. When international prices crashed, prices in India also crashed. Between 1928-1934, wheat prices in India fell by 50 per cent.
c. Peasants and farmers suffered more than city people, The british government refused to reduce revenue demands and the peasants were the worst hit e.g. the jute produces of Bengal.
d. In these depression years, India became an exporter of precious metals like gold. Indian gold exports promoted global economic recovery particularly Britain’s recovery.
e. The depression did not affect urban India so much and the middle class salaried employees found themselves better off as everything cost less.
f. Industrial investment grew as the government extended tarrif protection to industries under the pressure of nationalist opinion.

Q13. ‘Peasants producing for the world market were the worst hit’, explain with example.
Ans. 1. The Jute producers of Bengal grew raw jute that was processed in factories for export in the form of gunny bags.
2. But as gunny export collapsed, the price of raw jute crashed more than 60 per cent.
3. Peasants who borrowed in the hope of better times or to increase output in the hope of higher incomes faced over lower prices, and fell deeper and deeper into debt.

LESSON-4
REBUILDING A WORLD ECONOMY

Q1. Explain the two crucial influences that shaped post 2nd world war reconstruction .
Ans. Two crucial influences shaped post war reconstruction-
a. The first was the US’s emergence as the dominant economic, political and military power in the Western World.
b. The second was the dominance of the Soviet Union. It has made huge sacrifices to defeat Nazi Germany and transformed itself from a backward agricultural country into a world power during the very years when the capitalist world was trapped in the General Depression.

Q2. Explain any two lessons that Economists and politicians learnt from inter-war economic experiences.
Ans. Economists and politicians learnt two key lessons from inter-war economic experiences-
a. An industrial society based on mass production cannot be sustained without consumption. Thus stable incomes also required steady, full employment. Government would have to take steps to minimize fluctuations of price, output and employment. Economic stability could be ensured only through the intervention of the government.
b. The second lesson related to a country’s economic link with the outside world. The goal of full employment could only be achieved if governments had power to control flows of goods, capital and labour.

Q3. What is the main basis of Bretton Woods International financial system?
Ans. The Bretton Woods system was based on fixed exchange rates. In this system, national currencies, e.g. the Indian rupee, were to be exchanged to the dollar at a fixed exchange rate. The dollar itself was placed in relation to gold at a fixed price of $35 per ounce of the gold.

Q4. Describe the ways in which Bretton Woods inaugurated an era of unprecedented growth in trade and income for western industrialized nations.
Ans. a. The Bretton Woods system inaugurated an era of unprecedented growth of trade and incomes for the Western industrial nations and Japan.
   c. World trade grew annually at over 8 per cent between 1950-1970.
   d. Incomes of people in western countries grew at 5 per cent.
   e. The growth was stable, without fluctuations.
   f. The unemployment rate averaged less than 5 per cent in most industrial countries.
   g. There was worldwide spread of technology and enterprise.
   h. Developing countries were in a hurry to catch up with the advanced industrial countries.
   i. Therefore, they invested vast amounts of capital, importing industrial plant and equipment featuring modern technology.

Q5. When and why did World Bank and IMF start financial interventions in the developing countries?
Ans. a. The International Monetary Fund and the World Banks were created to meet the financial needs of the industrial countries.
   c. When Japan and Europe rapidly rebuilt their economies, they became less dependent on the IMF and the World Bank.
   d. Thus from the late 1950s the Bretton Woods institutions, WB and IMF, began to turn their attention towards newly developing countries.
   e. The newly independent countries facing problems of poverty came under the guidance of international agencies dominated by the former colonial powers.

Q6. Why did the developing countries organize the G-77?
Ans. a. The developing countries did not benefit from the fast growth the western economist experienced in 1950s and 1960s under the guidance of WB and IMF.
   b. They organized themselves as a group - the Group of 77 - to demand a new international economic order.
   c. NIEO means 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 market.

Q7. Why did Fixed Exchange rate system collapse in the 1960s?
Ans. a. Despite years of stable and rapid growth, not all was well in this post war world.
   b. From the 1960s the rising costs of its overseas involvements weakened the USs finances and competitive strength.
   c. The US dollar now no longer commanded confidences as the world’s principal currency.
d. It could not maintain its value in relation to gold. This eventually led to the collapse of the system of fixed exchange rates.

Q8. How was the international financial system changed from the mid 1970s.
Ans. From the mid 1970s the international financial system changed in important ways-
   a. Earlier developing countries could turn to international institutions for loans and development assistance.
   b. But now they were forced to borrow from Western Commercial banks and private lending institutions.
   c. This led to periodic debt crises in the developing world, and lower incomes and increased poverty especially in Africa and Latin America.

Q9. How did China become attractive destinations for investment by foreign MNCs?
Ans. a. China became attractive destinations for investment by foreign MNCs because of the lower wages in China.
   b. Because of the low cost structure of the Chinese economy, most importantly its low wages, we noticed that most of the TVs, mobile phones and toys we see in the shops seem to be made in China.
ASSIGNMENT-5

Q1. When and between whom the IIInd World War was fought?
Q2. How was the Second World war proved disastrous?
Q3. How was the IIInd world war differ from the earlier war?
Q4. Discuss in brief the main aim of the post – war international economic system?
Q5. Name the Conferences held at Bretton Woods in USA in 1944.
Q6. Which country has the effective right of veto over IMF and World Bank?
Q7. Name the financial institutions which are called Bretton Wood Twins. Why were they established?
Q8. What is the main basis of Bretton Woods International financial system?
Q9. Define the following New Terms ;- 
   a. Exchange rates 
   b. Fixed Exchange rates 
   c. Flexible or Floating Exchange Rates
Q10. Give an example to prove that colonialism had destructive impact on the colonized people.