

The Making of a Global World

Question 2.

What lessons were learnt from inter-war economic experiences by the economists and politicians during the Second World War? Describe. (2012)

Answer:

Economists and politicians learnt two key lessons from inter-war economic experiences during the Second World War:

1 An industrial society based on mass production cannot be sustained without mass consumption. But to ensure mass consumption, there was a need for high and stable incomes. Income could be stable if employment was stable. So stable incomes and employment were needed.

2 Markets could not guarantee full employment. Therefore, Government would need to check fluctuations of prices and provision of employment. Economic stability can be ensured with the interference of the Government.

3 The second lesson was a country's economic links with the outside world. The goal of full employment could only be achieved if Government had power to control flow of goods, capital and labour.

Question 3.

What role did the 'Silk route' play in linking distant parts of the world? (2013, 2014)

Or, "The silk routes are a good example of vibrant pre-modern trade and cultural links between distant parts of the world."

Explain how.

Answer:

The routes on which cargoes carried Chinese silk to the west were known as 'Silk routes'.

(i) Historians have discovered several silk routes over land and by sea, covering vast regions of Asia and connecting Asia with Europe and North Africa. Even pottery from China, textile and spices from India and South Asia also travelled the same route.

(ii) In return, precious metals like gold and silver flowed from Europe to Asia. The traders along with trading items carried knowledge, ideas, values, skills, inventions, lifestyles, food habits, religious beliefs, etc.

(iii) Culturally, Buddhism emerged from Eastern India and spread in several directions through the silk routes. Thus, silk route not only played a major role in linking distant parts of the world, but also promoted pre-modern trade and cultural links.

Question 4.

"The new crops could make the difference between life and death". Explain the above statement in context of Irish Potato Famine. (2013)

Answer:

Sometimes the new crops could make the difference between life and death.

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 the potatoes that when disease destroyed the potato crop in the mid-1840s, hundreds of thousands died of starvation.

Hungry children dug for potatoes in a field that had already been harvested, hoping to discover some leftovers.

During the Great Irish Potato Famine around ten lakh people died of starvation in Ireland and double the number emigrated in search of work.

Question 5.

'Many a times introduction of new crops make the difference between life and death/ Explain the statement with the example of introduction of potato crop in Europe. 2012

Answer:

1 Foods such as potato which were unknown before were only introduced in Europe and Asia after Christopher Columbus accidentally discovered the vast continent known as the Americas.

2 Sometimes the new crops like potato could make the difference between life and death. It was with the introduction of the humble potato that Europe's poor began to eat well, eat better and live longer.

3 Ireland's poor peasants became so dependent on potatoes that when the potato crop was destroyed by disease in the mid-1840s, hundreds of thousands of peasants died of starvation

Question 6.

What were the IMF and the World Bank designed for? What made them shift their attention towards developing countries? (2015)

Answer:

The IMF and the World Bank were designed to meet the financial requirements of industrial countries. They were known as the Bretton Woods Twins. They were not equipped to deal with the challenges of poverty and lack of development in the former colonies. Fortunately, Europe and Japan rapidly rebuilt their economies and grew less dependent on the IMF and the World Bank.

As a result, IMF and the World Bank began to shift their attention more towards developing countries. The major challenge before the newly independent and developing countries was to help the majority of the people to come out of the severe poverty. Even after many years of decolonisation, the former colonial powers still controlled vital resources such as minerals and land in some of their colonies. Even the US also often enjoyed the rights to exploit natural resources of the developing countries very cheaply. The formation of the group of 77 developing countries (G-77) helped these countries to demand a New International Economic Order (NIEO) 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.

Question 7.

What steps were taken by economists and politicians of the world to meet the global economic crisis that arose after World War II? (2012)

Answer:

The Second World War caused an immense amount of economic devastation and social disruption. To preserve economic stability and full employment in the industrial world a Conference was held in 1944 at Bretton Woods, USA. The Bretton Woods Conference established the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (Popularly known as World Bank) to deal with external surpluses and deficits of its member nations and to finance post-war reconstruction.

The post-war international economic system is also often described as the Bretton Woods System. The Bretton Woods System was based on fixed exchange rates. In this system, national currencies were pledged to the dollar at a fixed exchange rate. The dollar itself was anchored to gold at a fixed price of \$35 per ounce of gold. The IMF and the World Bank were designed to meet the financial needs of the industrial countries. But as Europe and Japan rapidly rebuilt their economies, they grew less dependent on the IMF and the World Bank. Thus from the late 1950s the Bretton Woods institutions began to shift their attention more towards developing countries. The developing countries which were former colonies came under the guidance of international agencies dominated by the former colonial powers.

Question 8.

Explain the causes of the Great Depression in the US between 1929-30. (2012)

Answer:

There were several factors that had caused the 'Depression'. Some of those were as follows:

(i) Agricultural Overproduction. Agricultural overproduction remained a problem. Falling of agricultural prices had made it even worse. As the prices fell, the agricultural income declined. To meet this situation, farmers brought larger volume of produce to the market to maintain their small income. The excessive supply couldn't be sold due to lack of buyers and farm produce rotted.

ii) US Loan Crisis. In the mid-1920s, many countries financed their investments through loans from the US. The overseas lenders panicked at the first sign of trouble. Countries that depended crucially on US loans faced an acute crisis due to the withdrawal of US loans. It led to the failure of major banks and collapse of currencies such as the British pound sterling. In Latin America and elsewhere, it intensified the decline of agricultural and raw material prices. By doubling import duties, US gave another severe blow to world trade.

Question 9.

Describe the effect of the Great Depression on the world? Who were the worst affected by this depression? (2013, 2015)

Answer:

The Great Depression began around 1929 and lasted till the mid-1930s. During this period, there were catastrophic declines in production, employment, incomes and trade. Agricultural regions and communities were worst affected due to the great fall of agricultural prices.

In the US, farmers could not sell their harvests, households were ruined and businesses collapsed. Many households in the US could not repay their loans due to fall in their income and were forced to give up their homes, cars and other consumer durables.

Unemployment increased rapidly and people had to travel long distances in search of work.

The Great Depression's wider effects on society, politics and international relations and on peoples needs proved more enduring.

The Depression immediately affected Indian trade. India's exports and imports halved between 1928 and 1934.

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.

Question 10.

"The relocation of industry to low-wage countries stimulated world trade and capital flows." Justify the statement. (2014)

Answer:

The industrial world was hit by unemployment that began rising from the mid 1970s and remained till 1990s. From the late 1970s, MNCs began to shift production operations to low-wage Asian countries. New Economic policies in China and collapse of the Soviet Union and communism in Eastern Europe brought many countries back into the world economy.

Wages were relatively low in countries like China. They became attractive destinations for investments by foreign MNCs competing to capture world market.

Thus the relocation of industry to low-wage countries stimulated world trade and capital flow.

Question 11.

Why did the developing countries organize the G-77? Give three reasons. (2015)

Answer:

(i) The formation of the G-77 was a response to certain changes in the international financial system proposed by the Bretton Woods Conference. The IMF and the World Bank (Bretton Woods Twins) were designed to meet the financial requirements of industrial countries. Although there was unprecedented growth in the West and Japan, nothing was done about the poverty and lack of development in the countries which were earlier colonies.

(ii) The developing countries did not benefit from the fast growth the western economies experienced under the guidance of the World Bank and the IMF. Thus, there arose a need for the developing nations to organise themselves into the G-77 group to demand a New International Economic Order.

(iii) The formation of the New International Economic Order (NIEO) meant 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.

Question 12.

"The pre-modern world changed with the discovery of new sea routes to America." Give any three suitable examples to explain the statement. (2015)

Answer:

Christopher Columbus discovered the vast continent that later came to be known as America. With the discovery of America, started the cultural exchange with the original inhabitants of a vast continent.

1 Foods like potatoes, maize, tomatoes, chillies, sweet potatoes, which were not known to people of other continents, were introduced there and became a part of their daily diet.

2 Precious metals, particularly silver from mines located in present-day Peru and Mexico, also enhanced Europe's wealth and financed its trade with Asia.

3 Slave trade started. European traders captured slaves in Africa and took them to America, where they worked on plantations. Europe became the centre of World trade.

4 Religious dissenters were persecuted in Europe. Thousands, therefore fled Europe for America.

5 From the sixteenth century, America's vast lands and abundant crops and minerals began to transform trade and lives everywhere.

Question 13.

'Trade flourished and markets expanded in the late 19th century, but there was a darker side to this process'. Substantiate. (2015)

Answer:

- Trade flourished and market expanded in the late 19th century. But this was not only a period of expanding trade and increased property (wealth). There was a darker side to this process.
- In many parts of the world, the expansion of trade and a close relationship with the world economy also meant a loss of freedom and livelihoods.
- Late 19th century European conquests produced many painful economic, social and ecological changes through which colonised societies were brought into the world economy.
- In Africa in the 1890s a fast spreading disease of cattle plague or rinderpest had a terrifying impact on peoples livelihoods and local economy.
- The example of indentured labour migration from the colonies also shows the two-sided nature of the 19th century world. A world of economic growth as well as misery, higher incomes for some and poverty for others, technological advances along with new forms of coercion.

Question 14.

Explain the impact of the First World War on Britain's economy. (2013)

Answer:

Britain, world's leading economy in the pre-war period, faced a prolonged crisis:

- 1 To finance war expenditure, Britain had borrowed liberally from US. This meant that at the end of the war, Britain was burdened with huge external debts.
- 2 The war had disturbed Britain's position of dominance in the Indian market. In India, the Nationalist Movement had gathered strength and anti-British feeling had become stronger among common people. Promotion of Indian industries had become one of the objectives of the Nationalist leaders, which adversely affected industries in Britain.
- 3 There was widespread increase in unemployment coupled with decrease in agricultural and industrial production. Cotton production collapsed and export of cotton from Britain fell dramatically.
- 4 Unable to modernize, Britain was finding it difficult to compete with U.S., Germany and Japan internationally.

Question 15.

What attracted the Europeans to Africa? Give any three reasons. (2015, 2014, 2012)

Answer:

- In the late 19th century, Europeans were attracted to Africa due to its vast resources of land and minerals.
- Europeans came to Africa hoping to establish plantations and mines to produce crops and minerals which they could export Europe.
- The loss of cattle disease destroyed African livelihoods. Planters, mine owners and colonial governments now successfully monopolised what scarce cattle resources remained to force Africans into the labour market.
- African countries were militarily weak and backward. So they were in no position to resist military aggression by European states. Thus it was easy for European states to conquer them and establish colonies.

Question 16.

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In the US, farmers could not sell their harvests, households were ruined and businesses collapsed. Many households in the US could not repay their loans due to fall in their income and were forced to give up their homes, cars and other consumer durables. Unemployment increased rapidly and people had to travel long distances in search of work.

The Great Depression's wider effects on society, politics and international relations and on peoples needs proved more enduring. The Depression immediately affected Indian trade. Indian exports and imports halved between 1928 and 1934. 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.

Question 17.

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Long Answer Questions (LA) 5 Marks

Question 18.

What are indentured labourers? How were they recruited? Explain the condition of the indentured labourers who went to work in different parts of the world. (2012)

Answer:

Indentured labour was a practice introduced by the British in the nineteenth century. Indentured labour refers to bonded labour under contract. The labourer works for an employer for a specified period of time. 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 projects around the world.

1 In India, indentured labour were hired under contracts which promised return travel to India after they had worked five years on their employers' plantations.

2 Recruitment was done by agents employed by the plantation owners and paid a small commission.

3 Agents also sometimes tempted these migrants by providing false information regarding their destinations, modes of travel, the nature of work and living and working conditions. Sometimes agents even forcibly abducted less willing workers.

Condition of Indentured Labour. Many migrants agreed to take up work to escape poverty and oppression in their home villages.

1 On arrival at the plantations labourers found conditions to be different from what they had imagined. Living and working conditions were hard and there were very few legal rights.

2 But workers discovered their own ways of surviving. Many of them escaped into the wilds, though if caught they would face severe punishment.

3 Others developed new forms of individual and collective self expression, blending different cultural forms. In Trinidad, the annual Muharram procession was transformed into a riotous carnival called 'Hosay', in which workers of all races and religions joined.

The protest religion 'Rastafarianism' and 'Chutney Music' popular in the Caribbean both were developed post the indenture experience.

Most indentured labour gradually found that their economic and social positions were not inferior to but often better off than their own country.

Question 19.

Describe the factors that led to the end of the Bretton Woods system and the beginning of Globalisation. (2013)

Answer:

Most of the developing countries could not benefit from the fast growth of western economies. Therefore, they organised themselves as a group of 77 (G-77) and demanded a New International Economic Order (NIEO). NIEO meant a system that would give them control over their own natural resources, more development assistance, fairer prices for raw materials and better access for their manufactured goods in developed markets.

From the mid-1970s, the international financial system changed in an important way. Developing countries could no longer turn to international institutions for loans.

They were now forced to borrow from western commercial banks and private lending institutions. This led to debt crisis in the developing world.

The industrial world was also hit by unemployment and MNCs began to shift production operations to low wage Asian countries. Countries like China became attractive destinations for investment by foreign MNCs competing to capture the world market. This stimulated world trade and capital flows and led to the beginning of globalisation.

Question 20.

Why have the historians described the 19th century indenture as a 'new system of slavery'? Explain any five reasons. (2013)

Answer:

Indentured labour is a bonded labourer under contract to work for an employer for a specific amount of time, to pay for his passage to a new country or home.

Reasons why it can be described as new system of slavery:

1 Many migrants agreed to take up work to escape poverty and oppression in their home villages. They were cheated and were provided false information by the agents regarding their destination, modes of travel, the nature of work and working conditions.

2 Often migrants were not even told that they were to go on long sea journeys and sometimes agents forcibly abducted less willing workers.

3 The tasks allotted to them on plantations were extremely heavy and could not be completed in a day. They were beaten or imprisoned for not being able to meet tasks.

4 Deductions were made from wages if the work was considered unsatisfactory or if they failed to complete a job.

5 Living and working conditions were harsh and there were few legal rights to protect the workers.

Question 21.

Describe any five effects of the abolition of 'Corn Laws' in Britain. (2014)

Answer:

With the population growth and the expansion of urban sector and industry the demand for agricultural products went up, pushing up prices of food grain. Under pressure from landed groups, the Government also restricted the import of com. The laws allowing the Government to do this were commonly known as Com Laws. Unhappy with high food prices, the industrialists and urban dwellers forced the abolition of Com Laws.

Effect: Abolition of Corn Laws allowed the merchants in England to import foodgrains from abroad at lower costs.

The major effects of this were:

- 1 It led to widespread unemployment in the agricultural sector, but prosperity in the industrial sector.
- 2 It also resulted in the rise of a prosperous capitalist class in the urban areas.
- 3 Another immediate effect that was noticed was that unemployment in the rural sector forced the movement of labor from agricultural to industrial sector.
- 4 Migration of agricultural labourers to industrial sectors led to the growth of population in the urban areas.