

THE MAKING OF A GLOBAL WORLD

1. **What is El Dorado? What was its significance?**

A. El Dorado was the fabled city of gold in Peru and Mexico in South America. This was imaginary city in 17th century. This was the reason why many Portuguese and Spanish tried to colonize America.

2. **Which factor helped Europe to emerge as the Centre of World Trade in 18th Century?**

A. China's gradual retreat into isolation by restricting its Overseas Contracts, rising importance of America helped Europe to emerge as the Centre of World Trade in 18th Century

3. **What are three types of movement of "flows" identified in international economic exchanges in the 19th century?**

A. The three types of movement or "flows" identified in international economic exchanges in the 19th century are as follows :

1. The flow of trade in goods (cloth or wheat)
2. The flow of labour – the migration of people in search of employment
3. The movement of capital for short-term or long-term investments over long distances.

4. **What was the "Corn Laws"? What was the impact of the abolition of the Corn Laws?**

A. British Laws which imposed restrictions on the Import of Corn were known as Corn Laws
The impact of the abolition of Corn Laws:-

1. Food could be imported into Britain more cheaply ✓
2. British agriculture was unable to compete with imports. It made the British peasants to leave vast lands uncultivated. ✓
3. Thousands of men and women were thrown out of work. ✓
4. They flocked to the cities or migrated to Overseas in search of new occupations.
5. As food prices fell, consumption in Britain rose.
6. It accelerated the industrial growth leading to higher incomes. ✓

5. **What were the reasons for shifting from agro-economy to industrial economy?**

A. Production and consumption of food became costlier than importing of food items. So, the British government scrapped the Corn Laws thus allowing food imports, expansion of railways, ports, industries and new settlements for urbanization. Therefore, the British gradually shifted from agro-economy to industrial economy.

6. **What are the canal colonies?**

A. The canal colonies were the new concept introduced by the British in West Punjab.

The British Indian government built a network of irrigation canals to transform semi-desert wastes into fertile agricultural lands that could grow wheat and cotton for export.

Peasants from other parts of Punjab settled the canal colonies, as the areas irrigated by the new canals were called.

7. **What is rinderpest? What were its consequences on African economy?***

A. Rinderpest was a fast-spreading disease of cattle plague, which entered into Africa in 1890.

Infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa carried it.

It killed 90% of cattle in Africa in 5 years of time. As Africans lost their main livelihood of cattle with rinderpest, they were forced into labour market to work for the imperial powers.

8. **What is meant by indentured labour?***

A. 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 is known as indentured labour. It was widely prevailing in India and China in 19th Century. It was described as a new system of slavery.

9. **Name the factors, which caused indentured labour in India and China?**

A. Decline in cottage industries, rising land rents, clearing most of the lands for mines and plantations caused indentured labour in India and china.

10. **Name the main destinations of Indian indentured migrants.***

- A. The Caribbean islands (mainly Trinidad, Guyana and Surinam), Mauritius, Fiji, Ceylon and Malaya were the main destinations of Indian indentured migrants.

11. Explain the new blend of cultures produced by the indentured migrants in their new destinations.

- A. The following are the new blend of cultures produced by the indentured migrants in their new destinations :

1. In Trinidad, the annual Muharram Procession was transformed into a riotous carnival called 'Hosay' (for Imam Hussain) in which workers of all races and religions joined.
2. The protest religion of Rastafarianism is also said to reflect Social and Cultural links with Indian migrants to the Caribbean.
3. Chutney music, very popular in Trinidad and Guyana is a creative contemporary expression of the post-indenture experience.

These forms of cultural fusion are part of making of the global world.

12. What were the most important exports and imports from India in 18-19th centuries?

- A. The export of Indian textile fell below 3% in 1870. While exports of manufacture declined rapidly, export of raw materials increased equally fast.

The export of raw cotton increased to 35%, Indigo to Britain and opium to China were also very important exports by this time.

British manufacturers flooded the Indian Market

13. What were the consequences of the First World War?

- A. The consequences of First World War :-

1. It was the first modern Industrial War using the machine guns, tanks, aircraft, chemical weapons etc.,
2. It left 9 million dead and 20 million injured.
3. Most of these killed and maimed were men of working age. This reduced the able-bodied workforce in Europe. It resulted in declining the household incomes.
4. It made woman to undertake jobs that earlier only men were expected to do.
5. Britain borrowed large sums of money from US banks as well as the US public.
6. It transformed the US into international creditor. So, at the end of the war, the US and its citizens owned more Overseas assets.

24. What was the impact of the First World War on the economy of Britain?*

- A. Britain was left with huge external debts at the end of the war. As Britain concentrated on war, local industries in India and Japan developed very fast. So, later it became very difficult for Britain to retrieve its market in India. Japan competed with Britain in International Market also. Unemployment also rose in Britain. Agriculture also suffered as the prices of grains fell after the war.

14. What was the assembly line production? What were its advantages?*

- A. Assembly line was a technique followed for mass production in the US Economy in 1920's. Henry Ford, the car manufacturer followed it in his car plant in Detroit. It was a faster and cheaper way of producing vehicles. It increased the output per worker by speeding-up the pace of work. It produced cars at 3-minute intervals. It also reduced the rate of the car from 750 US\$ to 450 US\$. He produced 5 million cars in 1929 instead of 2 million in 1919.

15. Explain the US Economy in the Post-First World War.

- A. The US became International Creditor in the Post-First World War. Its foreign assets also increased. It emerged as the most vibrant international power with rising economy in 1918.

Industrial production like cars, refrigerators, washing machines and a boom in house construction and home ownership, higher employment and incomes, rising consumption demand, more and more investments made it an international power by this time.

16. What were the causes for the Great Depression?

1. The Great Depression (1929-1930) experienced declining production, unemployment, fall in incomes and trade.
2. The fall in agricultural prices :-
The farmers tried to maintain their overall income by producing more, which the agricultural prices further declined.
3. With the start of the depression, the US Overseas lenders started withdrawing their loans, which made the currencies of the British Pound Sterling collapse.
4. The US tried to double its import duties to protect its economy, which affected the world trade.
5. As the industries depended upon the higher purchase of the consumers, when the banks started recalling the loans, the industrial production fell rapidly plunging the country into severe unemployment.
6. It led to the closure of 4000 Banks because of their insolvency and 1, 10,000 companies had collapsed by this time.

17. How did the Great Depression affect the Indian Economy?

A. The Great Depression affected the Indian Economy in the following ways :

1. India's exports and imports nearly halved between 1928-34
2. Wheat prices in India fell by 50%
3. Peasants and farmers suffered more than urban dwellers. Peasants producing for the world market were the worst hit.
4. The price of raw jute thrashed more than 60%
5. The peasants lost everything. They used up their savings, mortgaged lands and sold whatever jewellery and precious metals they had to meet their expenses.

18. What role did India play in Global Economic recovery?

A. The export of gold from India during the period of the Depression was one of the most important reasons for global economic recovery as felt by the economist John Maynard Keynes,

19. Give a brief account of the Bretton Woods Conference.

A. It was the United Nations Monetary and Financial Conference held in July 1944 at Bretton Woods in New Hampshire, USA.

It established International Monetary Fund (IMF) and the World Bank (The International Bank for Reconstruction and Development).

Their main objective was to reconstruct the post-war International economic system.

The IMF: - It deals with external surpluses and deficits of its member nations.

The World Bank: - To finance the Post-War reconstruction

They are known as the Bretton Woods twins.

They started their financial operations in 1947.

The Bretton woods system was based on fixed exchange rates. Indian rupee is pegged to the US\$. The US \$ was anchored to gold.

It developed the world trade to 8%.

Bretton woods helped the industrially developed nations until 1980s.

20. Why are the MNC's investing in Asian Countries? What are its advantages?

A. The MNC's are investing in Asian Countries like India and China because of the low wages prevailing there. It resulted in huge capital investment for a long term in these countries helping for rapid economic transformation.

21. What is an exchange rate? Classify.

A. Exchange rates link national currencies for purpose of international trade. They are broadly classified into fixed Exchange Rates and Floating Exchange Rates.

Fixed Exchange Rates: - When exchange rates are fixed and governments intervene to prevent movements in them.

Floating Exchange Rates: - These rates fluctuate depending upon demand and supply of currencies in foreign exchange markets in principle without interference by governments.

(22) Total questions.