

NCERT QUESTIONS WITH SOLUTIONS

1. Give two examples of different types of global exchanges which took place before the seventeenth century, choosing one example from Asia and one from the Americas.

Ans. **Asia :** Caravans carried items such as precious stones and metals, gold, ivory, and glass to China until around the fifth century C.E. From China, the Parthians and other merchants carried silk, furs, ceramics, jade, bronze objects, lacquer and iron. Silk was mostly demanded in Rome.

America: In the sixteenth century, precious metals like silver from the mines of Peru and Mexico were taken to Europe. This in turn financed European trade with Asia.

2. Explain how the global transfer of disease in the pre-modern world helped in the colonisation of the Americas.

Ans. A virus called small pox, which was brought from Europe to the America, decimated much of the native communities around the mid-sixteenth century. The original inhabitants had no immunity against such diseases and they were unable to resist the coloniser's superior weapons.

3. **Write a note to explain the effects of the following :**

(a) The British government's decision to abolish the Corn Laws.

Ans. The immediate effect of the British government's decision to abolish the Corn Laws was the inflow of cheaper agricultural crops from America and

Australia. Many English farmers left their profession and migrated to towns and cities. Some went overseas. This indirectly led to global agriculture and rapid urbanisation, a prerequisite of industrial growth.

(b) The coming of Rinderpest to Africa.

Ans. Rinderpest was a cattle epidemic that came to Africa with the infected which was then meat imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa. It killed more than 90 per cent of the livestock in Africa, making them dependent on Europeans for food and turned them subservient.

(c) The death of men of working age in Europe because of the World War.

Ans. Most of the victims of world war belonged to young generations of working men. As a result, it reduced the workforce in Europe, thereby reducing household income. The role of women increased and led to demand for more equality of status. It made the feminist movement stronger. Women started working alongside men in every field. Women and youngsters became more independent and free with long-term effects.

(d) The Great Depression on the Indian Economy.

Ans. The impact of the Great Depression in India was felt especially in the agricultural sector. It was evident that Indian economy was closely becoming integrated to global economy. India was a British colony and exported

agricultural goods and imported manufactured goods. The fall in agricultural price led to reduction of farmers' income and agricultural export. The government did not decrease their tax and so, many farmers and landlords became more indebted to moneylenders and corrupt officials. It led to a great rural unrest in India.

(e) The decision of MNCs to relocate production to Asian countries.

Ans. US business expanded worldwide through the MNCs. In recent years, they have tried to relocate production to Asian countries for the following reasons:

- (i) Partly to locate their manufacturing operations and become domestic producers to avoid high tariff rates imposed by different countries.
- (ii) It is also because Asian countries are attractive destinations for investment, trying to capture world markets with its large population and globalisation.
- (iii) The economic transformation of countries like India, China and Brazil also stimulated world trade and capital flows.

4. Give two examples from history to show the impact of technology on food availability.

Ans. The nineteenth century witnessed a high rate of growth in industrial and agricultural products.

- (i) The technological development was accelerated by the industrial growth and increasing world trade. Colonies also provided the resources and markets which

sustained the industrial growth. Thus, railways were needed to link agricultural regions to the ports from where the goods were transported, thereby increasing food availability to more destinations.

- (ii) Shipbuilding also became an important industry and countries competed to control trade routes on seas. Technology helped in the larger social, political and economic factors. For example, steamships and railways helped in carrying large volume of trading materials between long and inaccessible distance.

5. What is meant by Bretton Woods Agreement?

Ans. The main aim of the post-war international economic system was to preserve economic stability and full employment in the industrial world. The United Nations Monetary and Financial Conference held in July 1944 at Bretton Woods in New Hampshire in the USA agreed upon its framework.

The Bretton Woods Conference established the following institutions:

- (i) International Monetary Fund: Its aim was to deal with external surpluses and deficits of its member nations.
- (ii) The International Bank for Reconstruction and Development or World Bank was set "up to finance post-war reconstruction.
- (iii) The above institutions are known as The Bretton Woods institutions or

Bretton Woods twins. The post-war international economic system is also often described as the Bretton Woods system. It was based on fixed exchange rates. National currencies were pegged to dollar at a fixed exchange rate. The dollar itself was anchored to gold at a fixed price of \$ 35 per ounce of gold.

(iv) The decision-making in these institutions is controlled by the western industrial powers. The US has an effective right of veto over key IMF and World Bank decisions.

6. Explain the three types of movements or flows within international economic exchange. Find one example of each type of flow which involved India and Indians, and write a short account of it.

Ans. Economy of the nineteenth century are identified into three types or flows by the economist. They are based on the international exchange of goods and capital. They are:

(i) Trade flow of goods, e.g. cloth or wheat, in which goods are exchanged at long and short distances. Indians traded with the rest of the world as early as the Indus Valley civilisation. For example, Indus people had trade relations with Mesopotamia.

(ii) Labour flow, e.g. the migration of people for employment, in which industrial countries actively create conditions favourable for employment and services. Many Indian labourers worked in plantations at South America and other colonies.

(iii) Movement of capital for short-term or long-term investment. In this, movement of resources from one country to another takes place through loans or business investments.

The British transferred a lot of capital from India to England before independence. All three are closely associated and affected the lives of people in the nineteenth century.

7. Explain the causes of the Great Depression.

Ans. The Great Depression was caused by several factors:

(i) Prosperity in the USA during the 1920s created a cycle of higher employment and incomes. It led to rise in consumption and demands. More investment and more employment created tendencies of speculations which led to the Great Depression of 1929 upto the mid-1930s.

(ii) Stock market crashed in 1929. It created panic among investors and depositors who stopped investing and depositing. As a result, it created a cycle of depreciation.

(iii) Failure of the banks. Some of the banks closed down when people withdrew all their assets, leaving them unable to invest. Some banks called back loans taken from them at the same dollar rate inspite of the falling value of dollar. It was worsened by British change in policy to value pound at the pre-war value.

8. Explain what is referred to as the G-77 countries. In what ways can G-77 be seen as a reaction to the activities of the Bretton Woods twins?

Ans. The IMF and the World Bank or the Bretton Woods twins served in the reconstruction of these nations. In the process, large corporations of powerful nations like the USA often managed to secure economic and other extra-territorial rights over weaker nations. The economic advances made by the West and Japan in the 1950s and 1960s did not benefit most of the developing

countries. As a reaction to the activities of the Bretton Woods twins, they organised themselves into a group known as the Group of 77 or G-77 in order to demand a new international economic order (NIEO). The NIEO stood for a system that would give these nations real control over their natural resources, more development assistance, fairer prices for raw materials, and better access for manufactured goods in their markets.