

Chapter 6

Making of a Global World

- Globalization is almost as old as human civilization.
- India had a bustling trade with islands in the South East Asian regions even in the ancient period.
- By the close of the 19th century, world economy had taken a global shape.
- Forest lands were cleared and turned into large scale mechanized farms. Traditional peasants from foreign countries came and started operating on these newly opened farms. There was increased traffic for ships which were now remodeled to carry much higher loads.
- Technology enabled the people of Europe to have better living conditions.
- However it had very adverse effects so far countries of Asia and Africa were concerned.
- It had very adverse effects so for countries of Asia and Africa were concerned.
- Colonialism had grown as a direct consequence of technological advancement.
- The vast resources of Africa attracted the industrialized countries of Europe. There was land and plenty of unexploited minerals.
- There was a radical change in the pattern of Indian exports during the 19th century. While the exports of manufactured products declined, there was rapid growth in exports of raw materials.
- The World War (1914-1919) had very serious consequences for both the victor and the vanquished countries.
- By the end of the war, economic power had shifted from British to United States of America.
- A combination of several factors was responsible for the economic depression starting 1929. Prices of agricultural products crashed during the post First World war era.
- As the signs of economic depression came forth, the banks in US became reluctant to advance further loans. By the year 1929 the amount of land had dwindled to just a quarter of the amount.
- US banks also cut down on loans to domestic clients.
- Many households were forced to sell out their cars and in some cases even their homes to meet both ends meet and repay the loans.
- The economic depression almost halved India's exports and imports.
- Rural indebtedness increased manifold as farmer's incomes suffered the depression.
- The Second World War broke out in the year 1939.
- At the end of the war, USA emerged as a super power, both politically and in economic terms. USSR emerged as another super power.
- The Bretton Woods Conference held in July 1944 decided to establish Inter National Monetary Fund. (Bretton Woods is in New Hampshire, USA). The Fund is intended to deal with trade deficits and surpluses that member national may have from time to time.
- The Agreement also led to the creation of the World Bank (International bank for Reconstruction and Development). The Bank assists in the development of the member countries by facilitating investment of capital for productive purposes.
- The later part of the 20th century marked the independence of a large number of Asian and African countries.
- The need for capital and investment now lay with the newly independent colonies.
- The developing nations decided to organize themselves into a group known as G 77, a system that would give them real control over their resources and better access to their products in developed industrialized countries.
- Labour costs in countries like China are much lower than in USA. A number of US manufacturers found it much more economical to get their products manufactured in China under their specifications.
- Relatively lower wages in India have attracted a number of services from USA and other European countries to be shifted to India through Call Centers.
- There have been voices of protest in USA and even Britain that their jobs were getting usurped by China and India. However, industrialists insist that they will get their goods manufactured from places where it is economic for them.

Important Terms

- **Dissenter** : A person who opposes established beliefs.
- **Exchange rates** : The rates at which international currencies are exchanged in international trade.
- **Fixed exchange rates** : Exchange rates between different currencies fixed with the Concurrence of respective governments.
- **Floating exchange rate** : Exchange rates determined by the demand and supply for international currencies.
- **Indentured Labour** : A system of contract in which labourers were bound to an employer for a specific time. The workers were taken to a new country, the fare for the travel being paid by the employer.
- **Tariff** : A tax imposed on imported goods at the port of entry.

Exercise

1

DIRECTIONS : This section contains multiple choice questions. Each question has 4 choices (1), (2), (3) and (4) out of which only one is correct.

1. What was the term used to describe Indian indentured labour?
(1) Porter (2) Juggler
(3) Coolie (4) Rickshaw puller
2. Which country was a major supplier of wheat in the world market?
(1) Africa (2) Eastern Europe
(3) North America (4) Asia
3. Who is considered a pioneer in the field of mass production of cars?
(1) Henry Morton Stanley
(2) Ebenezer Howard
(3) Barry Parker
(4) Henry Ford
4. What were the 'Corn Laws'?
(1) Laws to restrict the import of corn
(2) Laws to restrict the export of corn
(3) Laws to restrict the export and import of corn
(4) None of the above
5. When did the global agricultural economy start?
(1) 1894 (2) 1892
(3) 1890 (4) 1891
6. What was Rinderpest?
(1) An epidemic spreading due to growth of cattle
(2) A fast spreading disease of cattle plague
(3) A disease spreading due to grazing of cattle
(4) None of the above
7. IMF stands for what?
(1) International Military Force
(2) International Monetary Fund
(3) Indian Monetary Fund
(4) Indian Monetary Force
8. What does the word 'America' describe?
(1) North America (2) South America
(3) Caribbean (4) All the above
9. What were America's original inhabitants known as?
(1) Indian Americans (2) American Indians
(3) Red Indians (4) Native Indians
10. What was El Dorado?
(1) The fabled city of gold
(2) The famous dreamland for many
(3) An imaginary land
(4) The fabled city of diamond
11. Who discovered the Americas?
(1) Vasco Da Gama (2) Christopher Columbus
(3) Fa Hien (4) None of these
12. Which city has been named as the Fabled City of Gold?
(1) New York (2) Pretoria
(3) El Dorado (4) Delhi
13. What was the most powerful weapon of the Spanish conquerors for colonization of America?
(1) Superior military weaponry
(2) Chemical bombs
(3) Germs of Small Pox
(4) Special technique of warfare
14. In the late nineteenth century, what was the reason that attracted Europeans towards Africa?
(1) Vast resources of land and minerals
(2) Huge amount of labour willing to work for wages
(3) Both of the reasons are correct
(4) Both of the reasons are incorrect
15. Rinderpest arrived in Africa. Who/ what arrived in Africa?
(1) British Prime Minister (2) A type of technology
(3) A kind of a pest (4) A kind of a cattle disease
16. When Rinderpest arrived in Africa?
(1) In late 1990s (2) In early 1990s
(3) In late 1980s (4) In early 1980s
17. What was 'Hosay'?
(1) A carnival in which workers of all races and religions joined
(2) A kind of a pest
(3) A kind of a disease
(4) A kind of music
18. What was the time period when the First World War was fought?
(1) 1939 - 1945 (2) 1915 - 1920
(3) 1919 - 1921 (4) 1914 - 1918
19. Which two main power blocs and countries were involved in the First World War?
(1) Allies- Germany, Austria- Hungary and Ottoman Turkey
Central powers- Britain, France, Russia and US (later joined)
(2) Axis powers- Germany, Austria- Hungary and Ottoman Turkey
Central powers- Britain, France, Russia and US (later joined)
(3) Allies- Britain, France, Russia and US (later joined)
Central powers- Germany, Austria- Hungary and Ottoman Turkey
(4) Allies- Britain, France and Russia
Central powers- Germany, Austria- Hungary, Ottoman Turkey and US (later joined)
20. What was the time period of occurrence of the Great Depression?
(1) 1929- mid 1930s (2) 1929- mid 1940s
(3) 1929- late 1930s (4) 1928- 1930
21. When did the IMF and the World Bank commenced financial operations?
(1) 1944 (2) 1945
(3) 1946 (4) 1947

22. Who controls the decision-making in the IMF and the World Bank?
- Developing Nations
 - A Joint Council of Developed and Developing Nations
 - The Western Industrial Powers
 - The least Developed Nations
23. What was the main demand of the Group of 77?
- To change the exchange rate system
 - To fix Australian dollar to be exchanged with gold
 - To have a more fair system of decision making at the IMF
 - To have a new international economic order
24. How many types of movement or 'flows' within international economic exchanges the economists identify?
- Two
 - Three
 - Four
 - Five
25. Which are the 'flows' within international economic exchanges that economists identify?
- Flow of trade, flow of labour
 - Flow of trade, flow of labour, flow of capital
 - Flow of labour, flow of capital, flow of raw materials, flow of slaves
 - Flow of capital, flow of goods
26. What were the 'Corn Laws' in Britain?
- Restriction by the government to import of corn.
 - Restriction by the government to export of corn.
 - Restriction by the government to production of corn.
 - Restriction by the government to distribution of corn.
27. Why were the 'Corn Laws' abolished?
- Because it had led to exploitation of workers
 - Because there was a mass movement against these laws
 - Because industrialists and urban dwellers forced the abolition
 - 'Corn Laws' were not abolished
28. Why did huge number of people migrate from Europe to Americas and Australia in the nineteenth century?
- Americas and Australia were places with short labour supply
 - Availability of proper working conditions in Americas and Australia
 - Both of them
 - None of them
29. Which technological advancement led to availability of affordable meat in Europe?
- Advanced kind of slaughtering knives
 - Large capacity ships
 - Steam engines
 - Refrigerated ships
30. When and where was the framework of post-war international economic system agreed upon?
- July 1944 at Bretton Woods
 - July 1945 at Bretton Woods
 - July 1945 at Geneva
 - July 1944 at Geneva

Exercise

2

Matching Based MCQ

DIRECTIONS (Qs. 1 to 5) : Match Column-I with Column-II and select the correct answer using the codes given below the columns.

1. **Column-I** **Column-II**
- | | |
|-----------------------|--|
| (A) Dissenter | (p) A bonded labourer |
| (B) Indentured labour | (q) One who refuses to established beliefs |
| (C) El Dorado | (r) A Jamaican Sect |
| (D) Rastafaria | (s) Fabled land of gold |
- (1) A → (q); B → (p); C → (s); D → (r)
 (2) A → (s); B → (q); C → (p); D → (r)
 (3) A → (r); B → (s); C → (q); D → (p)
 (4) A → (s); B → (r); C → (p); D → (q)
2. **Column-I** **Column-II**
- | | |
|-------------------|--|
| (A) Coolie | (p) Integrating our economy with world economy |
| (B) Silk route | (q) Cattle disease |
| (C) Rinderpest | (r) Unskilled native labourers |
| (D) Globalisation | (s) Trade route of chinese silk |

- (1) A → (q); B → (s); C → (p); D → (r)
 (2) A → (s); B → (q); C → (r); D → (p)
 (3) A → (r); B → (s); C → (q); D → (p)
 (4) A → (q); B → (r); C → (p); D → (s)
3. **Column-I** **Column-II**
- | | |
|---------------------------|--------------------|
| (A) Cultural fusion | (p) Europe |
| (B) Canal colonies | (q) Eastern Europe |
| (C) Chief wheat producer | (r) Hosay |
| (D) Centre of world trade | (s) Punjab |
- (1) A → (s); B → (p); C → (q); D → (r)
 (2) A → (q); B → (r); C → (p); D → (s)
 (3) A → (q); B → (p); C → (s); D → (r)
 (4) A → (r); B → (s); C → (q); D → (p)
4. **Column-I** **Column-II**
- | | |
|----------------------|-------------------|
| (A) Axis power | (p) South America |
| (B) Great Depression | (q) Japan |
| (C) Central power | (r) U.S.A. |
| (D) Chutney music | (s) Turkey |
- (1) A → (s), B → (p), C → (q), D → (r)
 (2) A → (r), B → (s), C → (q), D → (p)
 (3) A → (q), B → (r), C → (s), D → (p)
 (4) A → (r), B → (q), C → (s), D → (p)

5.

Column-I	Column-II
(A) Global economy	(p) 1939
(B) First World War	(q) 1890
(C) Second World War	(r) 1929
(D) Great depression	(s) 1914
(1) $A \rightarrow (r), B \rightarrow (p), C \rightarrow (s), D \rightarrow (q)$	
(2) $A \rightarrow (q), B \rightarrow (s), C \rightarrow (p), D \rightarrow (r)$	
(3) $A \rightarrow (s), B \rightarrow (r), C \rightarrow (p), D \rightarrow (q)$	
(4) $A \rightarrow (r), B \rightarrow (q), C \rightarrow (s), D \rightarrow (p)$	

Statement Based MCQ

6. With reference to the Great Depression consider the following statements :
- The Great Depression adversely affected the Indian trade as a result India's exports and imports were halved between 1929 to 1934.
 - Agricultural overproduction led to decline in prices of agricultural goods and incomes.
- Which of these statement(s) is/are correct?
- (a) only
 - (b) only
 - Both (a) and (b)
 - Neither (a) nor (b)
7. Consider the following statements :
- The Second World War was fought between Axis powers and Allies.
 - It was fought between 1914 to 1918.
 - The World War saw death and destruction on a large scale.
 - The Soviet union also emerged as a dominant power.
- Which of these statement(s) is/are correct?
- (a), (c) and (d)
 - (a) and (b)
 - (b) and (d)
 - (a), (b) and (c)
8. With reference to the Industrial Revolution consider the following statements :
- As a result of the industrial revolution the demand for industrial and agricultural products went down.
 - In 18th century due to population growth the demand of foodgrains had greatly increased.
- Which of these statement(s) is/are correct?
- (a) only
 - (b) only
 - Both (a) and (b)
 - Neither (a) nor (b)
9. Consider the following statements :
- Bonded labour is called indentured labour.
 - Many labourers were sent to the Caribbean islands.
 - In France, the Muharram procession was transformed into a notorious carnival called Hosay.
 - Some migrants were settled down in the Caribbean islands.
- Which of these statement(s) is/are correct?
- (a), (b) and (c)
 - (a), (b) and (d)
 - (a) and (d)
 - (b) and (c)

Passage Based MCQ

DIRECTIONS (Qs. 10 to 16) : Read the passage(s) given below and answer the questions that follow.

PASSAGE - 1

In spite of my best efforts, I could not properly do the works that were allotted to me. In a few days I got my hands bruised all over and I could not go to work for a week for which I was prosecuted and sent to jail for 14 days... New emigrants find the tasks allotted to them extremely heavy and cannot complete them in a day... Deductions are also made from wages if the work is considered to have been done unsatisfactorily. Many people cannot therefore earn their full wages and are punished in various ways. Infact, the labourers have to spend their period of indenture in great trouble...."

10. Whose statement is this?
- Shiv Narayan Chanderpaul
 - Dwayne Brevo
 - V. Nagpaul
 - Ram Narayan Tiwary.
11. What kind of job Ram Narayan Tiwary used to do?
- Indentured labourer
 - Merchant
 - Soldier
 - Middleman
12. For how many days was he sent to jail?
- One month
 - 14 days
 - 10 days
 - 15 days

PASSAGE - 2

The Bretton Woods Agreement was signed between the world powers in July 1944 as a result of the United Nations Monetary and Financial conference held at Bretton Woods in New Hampshire, U.S.A. This conference established the International Monetary Fund and the World Bank to preserve economic stability and full employment in the industrial world. Both commenced their financial operations in 1947. Under this agreement, the national currencies followed the fixed exchange rate and were pegged to the US dollars. Western industrial nations and Japan had immense growth in trade.

13. Which agreement was signed between the world's powerful nations?
- Agreement of G-77
 - Agreement of Great Depression
 - Bretton Wood Agreement
 - United Nation Agreement
14. Where did this agreement take place?
- Japan
 - Germany
 - France
 - U.S.A.
15. Which organisation did establish in Bretton Woods Agreement?
- World Bank
 - Axis Bank
 - Overseas Bank
 - Industrial Bank
16. Which country had great impact of this agreement?
- China
 - Norway
 - Japan
 - Finland

Assertion Reason Based MCQ

DIRECTIONS (Qs. 17 to 20) : Following questions consist of two statements, one labelled as the 'Assertion' and the other as 'Reason'. You are to examine these two statements carefully and select the answer to these items using the code given below.

Code :

- (1) Both A and R are individually true and R is the correct explanation of A.
- (2) Both A and R are individually true but R is not the correct explanation of A.
- (3) A is true but R is false
- (4) A is false but R is true.

17. **Assertion :** Silk route is an ancient term which were used by Chinese silk cargoes to the west.

Reason : Only silk and silk products were transported through this route.

18. **Assertion :** The laws passed by the British parliament in the 19th century to restrict and control the movement of food items were known as corn law.

Reason : British parliament restricted the imports of corn to protect the interest of agricultural class.

19. **Assertion :** Rinderpest was a fatal animal disease which affected 90% of the cattle of South Africa.

Reason : According to corn law, food items became costlier then it could be produced and exported.

20. **Assertion :** First World War was the first modern industrial war and saw the use of machine guns, tanks, aircrafts on a massive scale.

Reason : The fighting involved the world's leading industrial nations like France, Germany, Britain etc.

Correct Definition Based MCQ

21. Which of the following is correct definition of Rinderpest?

- (1) A cattle disease in Africa.
- (2) A cattle disease in China.
- (3) A cattle disease in U.S.A.
- (4) A cattle disease in Russia.

22. Which of the following is correct definition of corn law ?

- (1) It is a law passed by the British Government to restrict the import of corn.
- (2) It is a law passed by the British Government to restrict the export of corn.
- (3) It is a law passed by the French Government to export corn to Canada.
- (4) It is a law passed by the America to import corn from other countries.

23. Which of the following is correct definition of Globalisation?

- (1) Rivalry between different countries.
- (2) Rapid integration between countries.
- (3) Less export of goods and foodgrains.
- (4) Restriction on the movement of people from country to another.

24. What is the correct definition of the Great Depression?

- (1) The Great Depression was beneficial for the Indian trade.
- (2) Great Depression was economic boom in the area of production.
- (3) It was worldwide economic crisis of 1929-33.
- (4) It was worldwide drought in the year 1920-30.

25. What is the correct definition of G-77?

- (1) G-77 countries were a group of developed countries.
- (2) It was a group of under privileged countries.
- (3) It was a group of developing countries to demand a new international economic order.
- (4) It was a group of imperialist countries.

Feature Based MCQ

26. On the basis of following features identify the correct option :

- (I) It was proved very destructive.
- (II) It proved to be very deadly and costly.
- (III) It led to the rise of Nazism in Germany.
- (IV) It also resulted in the rise of Fascism in Italy.

- (1) Ist World War (2) IInd World War
- (3) Opium War (4) Colonialism

27. On the basis of following features identify the correct option :

- (I) It caused much harm to China.
- (II) Its main cause was the enforcement of Britishers to Chinese to use opium.
- (III) In this war China was defeated by Britain.
- (IV) After this war, Hongkong was handed over to Britain.

- (1) First World War (2) Vietnamese War
- (3) Opium War (4) Second World War

28. On the basis of following features identify the correct option :

- (I) It is a company which invest money in different countries.
- (II) It increased the job opportunities in the Asian Countries.
- (III) It increased stimulated world trade and capital flow.
- (IV) It started globalisation.

- (1) Public sector companies
- (2) Private companies
- (3) Multi national companies
- (4) National companies

Hints

SOLUTIONS

Exercise 1

1. (3) 2. (2) 3. (4)
4. (1) 5. (3) 6. (2)
7. (2) 8. (4) 9. (2)
10. (1)
11. (2) Christopher Columbus accidentally discovered the vast continent that was later known as the Americas.
12. (3) Many expeditions set off in search of El Dorado, the Fabled City of Gold.
13. (3) The most powerful weapon of Spanish conquerors was not a conventional military weapon. It was the germs such as those of Small Pox that they carried on their person. Once spread in the continent, it killed many and decimated whole communities, paving the way for conquest.
14. (1) In the late nineteenth century, Europeans were attracted to Africa due to its vast resources of land and minerals.
15. (4) Rinderpest was a devastating cattle disease.
16. (3) Rinderpest arrived in Africa in the 1980s. It was carried by infected cattle imported from British Asia to feed the Italian Soldiers invading Eritrea in East Africa.
17. (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.
18. (4) The First World War (1914- 1918) was mainly fought in Europe.
19. (3) When the war began in August 1914, many governments thought it would be over by Christmas. It lasted for more than four years.
20. (1) The Great Depression began around 1929 and lasted till the mid- 1930s.
21. (4) The IMF and the World Bank commenced financial operations in 1947.
22. (3) Decision- making in these institutions is controlled by the Western industrial powers.
23. (4) The developing countries organised themselves as a group- the Group of 77 (or G-77) - to demand a New International Economic Order (NIEO). By NIEO they meant a system that would give them real control over their natural resources and better access to their manufactured goods in developed countries' markets.
24. (2) The economists identified three types of movement or 'flows' within International economic exchanges.
25. (2) All three flows were closely interwoven and affected people's lives more deeply now than ever before.

26. (1) Under the pressure from landed groups, the government restricted the import of corn. The laws allowing the government to do this came to be known as 'Corn Laws'.
27. (3) Unhappy with high food prices, industrialists and urban dwellers forced the abolition of the Corn Laws.
28. (1) The demand for labour in places where labour was short in supply- as in America and Australia- led to more migration.
29. (4) Refrigerated ships enabled the transport of perishable foods over long distances. Now, animals slaughtered for food were slaughtered in America, Australia, New Zealand- and then transported to Europe as frozen meat.
30. (1) The framework of the post- war economic system was agreed upon at the United Nations Monetary and Financial Conference held in July 1944 at Bretton Woods in New Hampshire, USA.

Exercise 2

1. (1) 2. (3) 3. (4)
4. (3) 5. (2)
6. (3) Because of Great Depression, US overseas loans amounted to over \$1 billion as a result countries that dependent on US loans faced acute crisis.
7. (1)
8. (2) Many labourers from India and China were sent to Caribbean islands under false promises.
9. (2) 10. (4) 11. (1)
12. (2) 13. (3) 14. (4)
15. (1) 16. (3)
17. (3) Along these routes were mainly carried the silk cargoes from China to different regions of Asia, Europe and Northern Africa. That is why it is called silk route.
18. (1) Due to corn laws, the prices of food items went up many times so the government had to abolish the corn laws.
19. (1) 20. (1)
21. (1) Rinderpest in 1890 had a worst impact on people's livelihoods and the local economy.
22. (1) 23. (2) 24. (3)
25. (3) G-77 was organised to demand a new international economic order to avail the real control over their natural resources, fairer price for raw materials, etc.
26. (1) 27. (3) 28. (3)