

## Very Short Answer Questions

**Q. 1. What were 'silk routes?'**

**Ans.** Silk routes were the vibrant pre-modern trade and cultural links between distant parts of the world.

**Q. 2. What kind of silk routes have been identified by historians?**

**Ans.** Historians have identified several silk routes, over land and by sea, knitting together vast regions of Asia, and linking Asia with Europe and Northern Africa.

**Q. 3. What goods were exported and imported from silk routes?**

**Ans.** Chinese Pottery, textiles and spices from India were exported to South East Asia and precious metals—gold and silver, flowed from Europe to Asia.

**Q. 4. What kind of cultural exchanges were made through silk routes?**

**Ans.** Christian missionaries travelled through these routes to Asia, Muslim preachers also used these routes. Buddhism too spread to other Asian countries through intersecting points on the silk routes.

**Q. 5. How did food like 'Noodles' travel to various parts of the world and was adopted by different names?**

**Ans.** It is believed that noodles travelled west from China to become spaghetti and pasta in Italy. Perhaps Arab traders took pasta to fifth century Sicily, an island now in Italy.

**Q. 6. Which common foods were introduced to our ancestors after Columbus discovered America?**

**Ans.** Potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes, etc. were introduced in Europe and Asia, only after Columbus discovered America.

**Q. 7. How did dependency on potatoes kill the poorest peasants of Ireland?**

**Ans.** Ireland's poor peasants became so dependent on potatoes that when disease destroyed the potato crop in the mid-1840s, hundreds of thousands people died of starvation.

**Q. 8. What enhanced Europe's wealth for trade in Asia?**

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

**Q. 9. What is El Dorado?**

**Ans.** It was considered to be the fabled city of gold, for which many expeditions were set off to find it.

**Q. 10. How did germs of small pox help Europeans in their conquest of America?**

**Ans.** Smallpox proved a deadly killer. Once introduced, it spread deep into the continent, ahead of any European reaching there. It killed and decimated whole communities, paving the way for conquest.

**Q. 11. Why did thousands of Europeans flee to America?**

**Ans.** Poverty and hunger, overcrowded cities, deadly diseases, religious conflicts led Europeans to flee to America.

**Q. 12. What were 'Corn Laws'?**

**Ans.** When the British government restricted the import of corn, as the demand for agricultural products, went up, pushing up food grain prices. Under the pressure of landowners, government formed laws called 'Corn Laws', restricting import of corns.

**Q. 13. Who forced the government of Britain to abolish Corn Laws?**

**Ans.** Unhappy with high food prices, industrialists and urban dwellers forced the government of Britain to abolish Corn Laws.

**Q. 14. What was the effect of abolition of Corn Laws?**

**Ans.** British agriculture was unable to compete with imports. Vast areas of land were now left uncultivated, and thousands of men and women were thrown out of work. They flocked to the cities or migrated overseas.

**Q. 15. Why did people migrate from Europe to Americas and Australia?**

**Ans.** Demand for food increased and Europe which ultimately led to the need of capital and labour. Since there was unemployment in Europe, people migrated to Americas and Australia in search of a better future.

**Q. 16. What was 'global agricultural economy'?**

**Ans.** It means food no longer came from a nearby village or town, but from thousands of miles away. It was not grown by a peasant tilling his own land but by an agricultural worker, perhaps recently arrived who was now working on a large farm that only a generation ago had most likely been a forest.

**Q. 17. Which important inventions transformed 19th century world?**

**Ans.** The railways, steamships, the telegraph, etc. were some means of transport and communication which helped transforming 19th century world.

**Q. 18. Why did perishable goods become a luxury beyond the reach of European poor?**

**Ans.** Since perishable goods were difficult to be transported from one country to another, it became an expensive affair. But refrigerated ships enabled the transport of perishable goods over long distances.

**Q. 19. How could frozen meat reach European market now in reduced cost?**

**Ans.** 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.

**Q. 20. What was Paper Partition?**

**Ans.** In 1885, the big European powers met in Berlin to divide the countries of Africa between them. The countries' borders run straight as if they were drawn using a ruler. This event was called Paper Partition.

**Q. 21. What is Rinderpest?**

**Ans.** Rinderpest was a fast spreading disease of cattle plague which had terrifying impact on the livelihood of people and the local economy of Africa in 1890s.

**Q. 22. What was the main problem for Europeans to establish mines and plantation in Africa?**

**Ans.** Europeans were attracted to Africa due to its vast resources of land and minerals. But there was an unexpected problem of shortage of labour willing to work for wages.

**Q. 23. What methods were opted to recruit and retain labour in Africa?**

- Ans.** (i) Heavy taxes were imposed which could be paid only if you are earning.  
(ii) Inheritance laws were changed so that peasants were displaced from land.  
(iii) Mine workers were also confined in compounds and not allowed to move freely.

**Q. 24. How did Rinderpest reach Africa?**

**Ans.** It was carried by infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa. Entering Africa in the east, Rinderpest moved west like 'forest fire'.

**Q. 25. How did loss of cattle make labour market strange?**

**Ans.** The loses of cattle destroyed African livelihoods. Planters, mine owners and colonial governments now successfully strengthened their powers and forced Africans into labour market.

**Q. 26. Who was indentured labourer?**

**Ans.** Indentured labourer meant 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.

**Q. 27. How were indentured labourers hired from India and China?**

**Ans.** In the 19th century, hundreds of thousands of Indians and Chinese labourers went to work on plantations, in mines and in road and railway construction projects around the world as indentured labourers.

**Q. 28. Why were people from many Indian states forced to work as indentured labourers?**

**Ans.** In these states, cottage industries declined, land rents rose, lands were cleared for mines and plantations. All these affected the lives of the poor; they failed to pay their rents and became deeply indebted and were forced to migrate in search of work.

**Q. 29. What were the main destinations of Indian indentured migrants?**

**Ans.** Caribbean islands (mainly Trinidad, Guyana and Surinam) Mauritius, Fiji, Ceylon and Malaysia.

**Q. 30. What was 'Hosay'?**

**Ans.** 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.

**Q. 31. What was Rastafarianism?**

**Ans.** It was a protest religion which reflected social and cultural links with Indian migrants to the Caribbean.

**Q. 32. What was 'Chutney Music'?**

**Ans.** It was popular in Trinidad and Guyana. It was another creative contemporary expression of the post-indenture experience, a form of cultural fusion.

**Q. 33. Can you name some Indians whose descendents were migrant indentured labourers in West Indies?**

**Ans.** Nobel prize winning writer V.S. Naipaul, West Indies cricketers Shivnarine Chandrapaul and Ramnaresh Sarwan, etc.

**Q. 34. Who were Shikaripuri Shroffs and Nattukottai Chettiars?**

**Ans.** They were amongst the many groups of bankers and traders who financed export agriculture in Central and Southeast Asia, using either their own funds or those borrowed from European banks.

**Q. 35. How did British manage opium trade with China?**

**Ans.** British grew opium in India and exported it to China and with the money earned through this sale, it financed its tea and other imports from China.

**Q. 36. What was multilateral settlement system?**

**Ans.** It was a system which allows one country's deficit with another country to be settled by its surplus with a third country.

**Q. 37. What were 'home charges'?**

**Ans.** Home charges included private remittances home by British officials and traders, interest payments on India's external debt and pensions of British officials in India.

**Q. 38. Name the two power blocs of First World War.**

**Ans. (i) Allied Powers:** Britain, France and Russia later on joined by the US.

**(ii) Central Powers:** Germany, Austria-Hungary and Ottoman Turkey.

**Q. 39. Why was World War-I called the 'First Industrial War'?**

**Ans.** It was called the 'first industrial war' since it saw the use of machine guns, tanks, aircrafts, chemical weapons, etc. on a massive scale. These were all products of modern large-scale industries.

**Q. 40. Why was Britain burdened with huge external debts after World War-I?**

**Ans.** To finance war expenditures, Britain had borrowed liberally from the US. Post-war economic recovery period proved very difficult. So, at the end of war, the Britain was burdened with huge external debts.

**Q. 41. Why unemployment emerged after World War I in Great Britain?**

**Ans.** When the war ended, production contracted and unemployment increased. At the same time, the government reduced bloated war expenditures to bring them into line with peace time revenues. These developments led to huge job losses, so one in every five British workers was out of work.

**Q. 42. Who was the pioneer of the system of mass production in US?**

**Ans.** A well-known pioneer of mass production was the car manufacturer Henry Ford.

**Q. 43. How did war production and higher wages lead to more sale of cars and other electronic goods?**

**Ans.** Due to higher wages more workers, could now afford to purchase durable consumer goods such as cars, refrigerators, washing machines, radios, gramophone players, all through a system of 'hire purchase' credit repaid in weekly or monthly instalments.

**Q. 44. How was there a boom in the US economy?**

**Ans.** Large investments in housing and household goods seemed to create a cycle of higher employment and incomes, rising consumption demand, more investment and yet more employment and incomes.

**Q. 45. What was the Great Depression?**

**Ans.** The Great Depression began around 1929 and lasted till mid-1930s. During this period, most parts of the world experienced declines in production, employment, incomes and trade.

**Q. 46. What was the first and foremost reason for the economic crisis?**

**Ans.** It was agricultural over production. As prices slumped, agricultural incomes declined, farmers tried to expand production which pushed down the prices further leading to leftover food grains.

**Q. 47. What was the effect of withdrawal of US loans to Europe?**

**Ans.** In Europe, it led to the failure of some major banks and the collapse of currencies such as the British pound sterling.

**Q. 48. What was the impact of economic crisis on US banks?**

**Ans.** Unable to recover investments, collect loans and repay depositors, thousands of banks went bankrupt and were forced to close.

**Q. 49. How were jute producers of Bengal affected by economic crisis?**

**Ans.** The jute producers of Bengal grew raw jute that was processed in factories for export in the form of gunny bags. But as gunny exports collapsed, the price of raw jute crashed more than 60 percent.

**Q. 50. Why did peasants indebtedness increase during economic crisis in India?**

**Ans.** Indian peasants used up their savings, mortgaged lands, and sold whatever jewellery and precious metals they had to meet their expenses.

**Q. 51. Name the power blocks of World War-II.**

**Ans. (i) Allied Power:** Britain, France, Soviet Union and US.

**(ii) Axis Powers:** Germany, Italy and Japan.

**Q. 52. What was the estimated loss of World War-II?**

**Ans.** Once again death and destruction was enormous. At least 60 million people, or about 3 per cent of the world's 1939 populations are believed to have been killed directly or indirectly as a result of war. Millions more were injured.

**Q. 53. What decision was taken at Bretton Woods in New Hampshire, USA?**

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

**Q. 54. What was Bretton Woods system?**

**Ans.** The Bretton Woods system was based on fixed exchange rates. In this system, national currencies, for example the Indian rupees, were pegged 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.

**Q. 55. What was G-77?**

**Ans.** Most developing countries did not benefit from the fast growth the western economies experienced in the 1950s and 1960s. Therefore, they organised themselves as a group—the Group of 77 (or G-77)—to demand a new international economic order.

**Q. 56. What does NIEO mean?**

**Ans.** By NIEO they 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.

**Q. 57. What led to the collapse of the system of fixed exchanged rates?**

**Ans.** The rising costs of its overseas involvements weakened the US's finances and competitive strength. The US dollar now no longer commanded confidence as the world's principal currency. It eventually led to the collapse of the system of fixed exchange rates and the introduction of a system of floating exchange rates.

**Q. 58. Why did most of the TVs, mobile phones and toys come from China?**

**Ans.** It is because of the low-cost structure of the Chinese economy, most importantly its low wages.

## Short Answer Questions

**Q. 1. Show how the Silk Routes are a good example of pre-modern trade between different countries of the world?**

**Ans.** Historians have identified several silk routes, over land and by sea, knitting together vast regions of Asia, and linking it with Europe and Northern Africa.

Chinese pottery also travelled the same route, as did textiles and spices from India and South East Asia.

In return, precious metals like gold and silver flowed from Europe to Asia.

**Q. 2. What was the most powerful weapon that the Spanish used to conquer America?**

**Ans.** The most powerful weapon was the germs such as those of smallpox.

Because of their long isolation, America's original inhabitants had no immunity against these diseases that came from the Europe.

Smallpox in particular, proved to be a deadly killer disease.

**Q. 3. How did food travel from one country to another? Give some examples.**

**Ans.** Food offers many examples of cultural exchange.

(i) Take spaghetti and noodles. It is believed that noodles travelled west from China to become spaghetti or perhaps, Arab traders took pasta to fifth-century Sicily.

(ii) Many of our common foods such as potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes, etc., were not known to our ancestors but these foods were introduced in Asia and Europe after Christopher Columbus discovered America.

(iii) 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.

**Q. 4. Why did thousands of people flee from Europe to America?**

**Ans. (i)** Until the 19th century, poverty and hunger was common in Europe.

(ii) Cities were crowded and deadly diseases were widespread.

(iii) Religious conflicts were common and dissenters were persecuted.

**Q. 5. How did healthy trade practices lead to colonialism?**

**Ans. (i)** In many parts of the world, the expansion of trade and a closer relationship with the world economy also meant a loss of freedom and livelihood.



(ii) European powers in Africa divided this country amongst themselves with ‘paper partition’, i.e., borders of these countries run straight as drawn by a ruler. This division was made without the permission of these African countries.

(iii) Britain and France made vast additions to their colonies in the late 19th century. Belgium and Germany became new colonial powers and US also became a colonial power by taking over the colonies earlier held by Spain.

**Q. 6. How did Europeans handle the problem of shortage of labour in Africa?**

**Ans. (i)** Heavy taxes were imposed on Africans, which could be paid only by working for wages on plantations and mines.

(ii) Inheritance laws were changed so that peasants were displaced from their lands. Only one member of a family was allowed to inherit land, as a result of which the others were pushed into the labour market.

**Q. 7. How did agricultural economies go into a crisis, post war?**

**Ans. (i)** Before the war, eastern Europe was a major supplier of wheat in the world market.

(ii) When this supply was disrupted during the war, wheat production in Canada, America and Australia increased.

(iii) But once the war was over, production in eastern Europe was revived and there was overproduction of wheat.

Grain prices fell, rural incomes declined and farmers fell deeper into debt.

**Q. 8. Which factors were responsible for the economic depression of 1929?**

**Ans. (i) Agricultural overproduction:** Agricultural overproduction led to the falling of agricultural prices. As prices fell, agricultural income declined, farmers tried to expand their production and sell more in the market to earn. This worsened the situation as prices further fell, leading to farm produce rotting in the market with lack of buyers.

(ii) **Withdrawal of US loans:** Many countries financed their investments through loans from US. But US overseas lenders panicked at the first sign of trouble. US overseas loans had gone upto \$ 1 billion but it reduced to one quarter of that amount and countries depending on US loans now faced an acute crisis.

**Q. 9. How did the Bretton Woods system collapse giving birth to Globalisation?**

**Ans. (i)** Despite years of stable and rapid growth, not all was well in the post-war world.

(ii) From the 1960s, the rising cost of US overseas involvement weakened its financial and its competitive strength.

(iii) The US dollar now no longer commanded confidence as the world’s principal currency. It could not maintain its value in relation to gold.

This ultimately led to the collapse of fixed exchange rates and the introduction of a system of floating exchange rates.

**Q. 10. What agricultural changes took place in India?**

**Ans. (i)** In west Punjab, in India, 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.

**(ii)** These were ‘Canal Colonies’, where areas were irrigated by the new canals and were settled by peasants from other parts of Punjab.

**Q. 11. How potatoes became the food for poor?**

**Ans. (i)** Sometimes the new crops could make the difference between life and death.

**(ii)** Europe’s poor began to eat better and live longer with the introduction of humble potato.

**(iii)** Ireland’s poorest peasants became so dependent on potatoes that when disease destroyed the potato crop in mid-1840’s, hundreds of thousands died of starvation.

**Q. 12. State how America’s trade enhanced after its discovery.**

**Ans. (i)** Before its discovery, America had been cut off from regular contact with the rest of the world for millions of years.

**(ii)** But from 16th century, its vast lands and abundant crops and minerals began to transform trade and lives everywhere.

**(iii)** Many expeditions were set off in search of EL Dorado, the fabled city of gold.

**Q. 13. Why did people start migrating to the other continents from Europe?**

**Ans. (i)** The demand for labour in places where labour was in short supply—as in America and Australia—led to more migration.

**(ii)** Nearly 50 million people emigrated from Europe to America and Australia in the 19th century.

**(iii)** All over the world, some 150 million are estimated to have left their homes, crossed oceans and vast distances over land in search of a better future.

**Q. 14. Which factors helped in the development of global agricultural economy?**

**OR**

**What complex changes took place in the global agricultural economy by 1890?**

**Ans. (i)** By 1890, a global agricultural economy had taken shape, accompanied by complex changes in labour movement patterns, capital flows, ecologies and technology.

**(ii)** Food no longer came from a nearby village or town, but from thousands of miles away.

(iii) It was not grown by a peasant tilling his own land, but by an agricultural worker, perhaps recently arrived, who was now working on a large farm that only a generation ago had most likely been a forest.

**Q. 15. What were Canal Colonies? Why were they built?**

**Ans.** Canal Colonies were the areas irrigated by the new canals.

(i) In India, British built a network of irrigation canals to transform semi-desert wastes into fertile agricultural lands for export.

(ii) Here people from other parts of Punjab were called and settled to grow wheat and cotton for export.

**Q. 16. Why were Europeans attracted to Africa?**

**Ans. (i)** In the late 19th century, Europeans were attracted to Africa due to its vast resources of land and minerals.

(ii) Europeans came to Africa hoping to establish plantations and mines to produce crops and minerals for export to Europe.

(iii) They could get cheap labour also to work on lesser wages in the mines and plantation farms.

**Q. 17. What were the main destinations of Indian indentured labourers?**

**Ans. (i)** The main destinations of Indian indentured migrants were the Caribbean islands mainly Trinidad, Guyana, Surinam, Mauritius and Fiji.

(ii) Closer home, Tamil migrants went to Ceylon and Malaya.

(iii) Indentured workers were also recruited for tea plantations in Assam.

**Q. 18. What was the role of Indian bankers in managing their funds?**

**Ans. (i)** Bankers like Shikaripuri Shroffs and Nuttukottai Chettiars were amongst the many groups of bankers and traders who financed export agriculture in Central and South east Asia.

(ii) They used either their own funds or those borrowed from European banks.

(iii) They had a sophisticated system to transfer money over large distances, and even developed indigenous forms of corporate organisation.

**Q. 19. Why did the US become international creditor from international debtor?**

**Ans. (i)** World War I 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.

(ii) Britain borrowed large sums of money from US banks as well as from US public.

(iii) Thus the war transformed the US from being an international debtor to an international creditor.

So, the US and its citizens owned more overseas assets than foreign governments and citizens owned in US.

**Q. 20. Why was there anxiety and uncertainty about work after World War I?**

**Ans. (i)** The war had led to an economic boom, to a large increase in demand, production and employment. When the war boom ended, production contracted and unemployment increased.

**(ii)** At the same time, the government reduced bloated war expenditures to bring them into line with peacetime revenues.

**(iii)** These developments led to huge job losses—in 1921, one in every five British workers was out of work.

Indeed anxiety and uncertainty about work became an enduring part of the post war scenario.

**Q. 21. Why was there a spurt in the purchase of electronic goods in the US?**

**Ans. (i)** Mass production, lowered costs and prices of engineered goods. Due to higher wages, more workers could now afford to purchase durable consumer goods such as cars.

**(ii)** Along with boom in car production, there was a spurt in the purchase of refrigerators, washing machines, radios, gramophone players, although the system of hire purchase i.e., credit repaid in weekly or monthly instalments.

**(iii)** The demand for these goods was also fuelled by a boom in house construction and home ownership, financed once again by loans.

**Q. 22. How did withdrawal of US loans affect different countries of the world?**

**Ans. (i) Europe:** It led to the failure of some major banks and the collapse of currencies such as British pound sterling.

**(ii) Latin America:** Here it intensified the slump in agriculture and raw material prices.

**(iii) US:** US attempted to protect its economy in the depression by doubling import duties, also dealt with another severe blow to world trade.

**Q. 23. In what ways were jute producers of Bengal affected by the economic crisis?**

**Ans. (i)** Jute producers grew raw jute that was processed in factories for export in the form of gunny bags.

**(ii)** But as gunny bag export collapsed, the prices of raw jute crashed by more than 60 per cent.

**(iii)** Peasants who borrowed in the hope of better times or to increase output in the hope of higher incomes, faced ever lower prices and fell deep into debts.

**Q. 24. Why did the Bretton Woods Institution begin to shift its attention more towards developing countries?**

**Ans. (i)** The IMF and the World Bank were designed to meet the financial needs of the industrial countries.

(ii) They were not equipped to cope with the challenge of poverty and lack of development in the former colonies.

(iii) 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 Institution began to shift its attention more towards developing countries.

**Q. 25. What is the difference between Fixed Exchange rates and Floating Exchange rates?**

**Ans.** When exchange rates are fixed and governments intervene to prevent movements in them, it is called fixed exchange rates. While, when rates fluctuate depending on demand and supply of currencies in foreign exchange markets in principle without interference by governments, it is called floating or flexible exchange rates.

**Q. 26. What two crucial influences shaped post war reconstruction?**

**Ans. (i)** US's emergence as the dominant political economic or military powers in the western world.

**(ii)** Dominance of the Soviet Union. It had made large sacrifices to defeat Nazi Germany, and transformed itself from a backward agricultural country into a world power, when the capitalist world was trapped in the Great Depression.

**Q. 27. What was the aim of post war international economic system?**

**Ans. (i)** Complete employment in the industrial world.

**(ii)** To preserve economic stability.

## Long Answer Questions

**Q. 1. Why did the British government scrap the 'Corn Laws'? What were its effects on Britain?**

**Ans.** Population growth from the late 18th century had increased the demand for food grains in Britain.

As urban centres expanded and industries grew, the demand for agricultural products increased, pushing up food grain prices.

Under pressure from landed groups, the government also restricted the import of corn.

The laws allowing the government to do this were commonly known as 'Corn Laws'.

Unhappy with high food prices, industrialists and urban dwellers forced the abolition of the Corn Laws.

**Effects:**

After the Corn Laws were scrapped, food could be imported into Britain more cheaply than it could be produced within the country.

British agriculture was unable to compete with imports.

Vast areas of land were now left uncultivated and thousands of men and women were thrown out of work. They flocked to the cities or migrated overseas.

**Q. 2. Nineteenth century indenture has been described as a 'new system of slavery'. Elucidate with examples.**

**Ans.** 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.

It was a world of faster economic growth as well as great misery, higher incomes for some and poverty for others.

In India, indentured labourers were hired under contracts which promised return travel to India after they had worked for five years on their employer's plantations.

Gradually, in India, cottage industries declined, land rents rose, lands were cleared for mines and plantations. All this affected the lives of the poor; they failed to pay their rents, became indebted and were forced to migrate in search of work.

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

Recruitment was done by agents engaged by employers and paid a small commission.

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

**Q. 3. How did various cultures blended with the migrants and the inhabitants?**

**Ans.** In Trinidad, the annual Muharram procession was transformed into a carnival called 'Hosay', in which workers of all races and religions joined.

The protest religion of 'Rasta fasionism' also reflected social and cultural links with Indian migrants to the Caribbean.

'Chutney Music', a fusion, popular in Trinidad and Guyana is another example of postindenture period.

These forms of cultural fusion are part of the making of the global world, where things from different places got mixed and became something entirely new.

**Q. 4. What was the role of Indian entrepreneurs abroad?**

**Ans.** Shikaripuri Shroffs and Nattu Kottai Chettiar were among the many group of bankers and traders who financed export agriculture in Central and South-East Asia, using their own funds or the borrowed money from European banks.

They had a sophisticated system to transfer money over large distances and even developed their own corporate organisation.

Hyderabad Sindi traders, however, ventured beyond European colonies.

They had established emporia at busy ports worldwide, selling local and imported artifacts to tourists.

**Q. 5. Why was the first world war called the Industrial war or 'World war'?**

**Ans. (i)** The first World War was the first modern industrial war. In this war, machine guns, tanks, aircrafts, chemical weapons were used on a massive scale.

**(ii)** Millions of soldiers were recruited from around the world and were brought to the front in ships and trains.

**(iii)** About 9 million civilians died and 20 millions were injured.

**(iv)** Most of the killed and injured were men of working age, reducing the able-bodied workforce in Europe.

**(v)** During the war, industries were reconstructed to produce war related goods.

**(vi)** Britain borrowed large sums of money from US banks. Thus, the war transformed the US from being an international debtor to an international creditor.

**Q. 6. “One important feature of the US economy in the 1920s was mass production.” Prove this with an example.**

**Ans.** A well-known pioneer of mass production was the car manufacturer, ‘Henry Ford’.

He adopted an assembly line technique of a slaughter house.

He realised that the ‘assembly line’ method would allow a faster and cheaper way of producing vehicles.

This method forced workers to repeat a single task mechanically and continuously.

This was a way of increasing the output per worker by speeding up the pace of work.

At first, workers were unable to cope with the load of work but Henry Ford doubled the daily wages.

This doubling of daily wages was considered ‘best cost-cutting decision’ he had ever made.

Later, this system of mass production was followed by many other countries. In the US, with this system, car production rose from 2 millions to above 5 millions.

**Q. 7. Explain how the US was most severely affected by the worldwide economic depression?**

**Ans.** With the fall of prices and prospect of depression, US banks also slashed domestic lending.

Farmers could not sell their production, households were ruined and businesses collapsed.

With falling incomes, many households could not repay what they had borrowed and were forced to give up their homes, cars and other durable items.

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

**Q. 8. How does food offer long distance cultural exchanges?**

**Ans.** Traders and travellers introduced new crops to the lands they travelled. Even ‘ready’ food stuff in distant part of the world might share common origins.

It is believed that noodles travelled west from China to become spaghetti or perhaps, Arab traders took pasta to Sicily, an island of Italy.

Similar foods were also known in India and Japan, so the truth about their origins may never be known, but they too travelled from one country to another.



This is how long distance cultural contacts in the pre-modern era were possible with the travelling of various food items.

**Q. 9. Give a brief description of how meat was transported to various parts of the world with the development of technology.**

**Ans.** Till 1870s animals were shipped live from America to Europe and then slaughtered when they arrived there.

Live animals took a lot of ship space and many in voyage, fell ill, lost weight or became unfit to eat.

Meat was hence an expensive luxury beyond the reach of the European poor.

Then came the new technology, namely refrigerated ships, which enabled the transport of perishable foods like meat 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.

**Q. 10. What was the impact of colonialism on various colonies?**

**Ans. (i)** Trade flourished and markets expanded in the late 19th century but it also led to loss of freedom and livelihoods.

**(ii)** European conquests produced many painful economic, social and ecological changes through which the colonised societies were brought into the world economy.

**(iii)** Rival European powers in Africa drew up the borders demarcating their respective territories, being called as paper partition.

**(iv)** Britain and France made vast additions to their overseas territories in the late 19th century. Belgium and Germany became new colonial powers.

**(v)** The US also became a colonial power in the late 1890's by taking over some colonies that were earlier held by Spain.

**Q. 11. What was the role of agents in the recruitment of labour?**

**Ans.** Recruitment was done by agents engaged by employers and paid a small commission.

Many migrants agreed to take up work hoping to escape poverty or oppression in their home villages.

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.

Often migrants were not even told that they were to take a long sea voyage. Sometimes agents even forcibly abducted less willing migrants.

**Q. 12. Why did the inflow of fine Indian cotton begin to decline in England?**

**Ans.** Historically, fine cottons produced in India were exported to Europe.

**(i)** With industrialisation, British cotton manufacture began to expand and industrialists pressurised the government to restrict cotton imports into Britain and protect local industries.

**(ii)** Tariffs were imposed on cloth imports into Britain, consequently the inflow of fine Indian cotton began to decline.

**(iii)** British manufacturers also began to seek overseas markets for their cloth.

**(iv)** Excluded from the British market by tariff barriers, Indian textiles now faced stiff competition in other international markets.

**Q. 13. State how Britain found it difficult to recapture the Indian market after World War I.**

**Ans. (i)** Post war economic recovery proved difficult. Britain, which was the world's leading economy in the pre-war period, in particular, faced a prolonged crisis.

**(ii)** While Britain was pre occupied with war, industries had developed in India and Japan.

**(iii)** After the war, Britain found it difficult to recapture its earlier position of dominance in the Indian market, and to compete with Japan internationally.

**(iv)** To finance war expenditures, Britain had borrowed liberally from the US.

This meant that at the end of the war Britain was burdened with huge external debts.

**Q. 14. Workers at Ford factory could not cope with the stress of working on assembly line. How did Henry Ford recover the workers?**

**Ans. (i)** At first, workers at the Ford factory were unable to cope with the stress of working on assembly lines in which they could not control the pace of work. So they quit in large numbers.

**(ii)** In desperation, Ford doubled the daily wages to \$ 5 in Jan. 1914. At the same time he banned trade unions from operating in his plants.

**(iii)** Henry Ford recovered the high wage by repeatedly speeding up the production line and forcing workers to work even harder.

**(iv)** So much so, he would soon described his decision to double the daily wage as the 'best cost-cutting decision' he had ever made.

**Q. 15. Did housing and consumer boom lead to prosperity in the US?**

**Ans. (i)** The housing and consumer boom of the 1920's created the basis of prosperity in the US.

**(ii)** Large investments in housing and household goods seemed to create a cycle of higher employment and incomes, rising consumption demand, more investment and yet more employment and incomes.

**(iii)** In 1923, US resumed exporting capital to the rest of the world and became the largest overseas lender.

**(iv)** US imports and capital exports also boosted European recovery and world trade and income growth over the next six years.

**Q. 16. What was the effect of world economic crisis on rural India?**

**Ans. (i)** The indebtedness of Indian peasants increased. They used up their savings, mortgaged lands and sold whatever jewellery and precious metals they had, to meet their expenses.

**(ii)** In these depression years, India became an exporter of precious metals, notably gold.

**(iii)** Indian global economic recovery certainly helped speed up Britain's recovery but did little for the Indian peasants.

**(iv)** Rural India was thus seething with unrest when Mahatma Gandhi launched the Civil Disobedience Movement at the height of the depression in 1931.

## Hots (Higher Order Thinking Skills)

**Q. 1. Briefly explain the two key lessons which economists and politicians draw out from interwar economic experience.**

**Ans. First**

- (i) An industrial society based on mass production cannot be sustained without mass consumption.
- (ii) But to ensure mass consumption, there was a need for high and stable incomes.
- (iii) Incomes could not be stable if employment was unstable. Thus stable incomes also required steady, full employment.
- (iv) But markets alone could not guarantee full employment. Therefore the government could have to step in, to minimise fluctuations of price, output and employment.

**Second**

- (i) It is related to a country's economic links with the outside world.
- (ii) The goal of full employment could only be achieved if governments had power to control flow of goods, capital and labour. Thus the main aim of the post-war international economic system was to preserve economic stability and full employment in the industrial world.

**Q. 2. How does a multilateral settlement system work?**

**Ans. (i)** By 19th century, British manufacturers flooded the Indian market. Food grain and raw material exports from India to Britain and the rest of the world increased.

**(ii)** But the value of British exports to India was much higher than the value of British imports from India. Thus Britain had a 'trade surplus' with India.

**(iii)** Britain used this surplus to balance its trade deficits with other countries—the countries from which Britain was importing more than it was selling to.

**(iv)** This is how a multilateral settlement system works — it allows one country's deficit with another country to be settled by its surplus with a third country.

**Q. 3. How were floating exchange rates introduced?**

**Ans.** Despite years of stable and rapid growth, not all was well in this post-war world.

From the 1960s, the rising cost of its overseas involvements weakened the US's finances and competitive strength.

The US dollar now no longer commanded confidence as the world's principal currency.

It could not maintain its value in relation to gold.

This eventually led to the collapse of the system of fixed exchange rates and the introduction of a system of floating exchange rates.

**Q. 4. How did the international financial systems lead to periodic debt crisis in the developing countries?**

**Ans.** From the mid-1970s, the international financial system also changed in important ways.

Earlier, developing countries could turn to international institutions for loans and development assistance.

But now, they were forced to borrow from western commercial banks and private lending institutions.

This led to periodic debt crisis in the developing world, and lower incomes and increased poverty, especially in Africa and Latin America.