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

**Solution:** The following are examples of cross-cultural exchanges from Asia and the Americas:

a. The Silk Route (Asia): The silk routes are a good example of cross-cultural trade and connectivity between distant parts of the world. The name ‘silk routes’ points to the importance of West-bound Chinese silk cargoes along this route.

Trade and cultural exchange always went hand in hand. Early Christian missionaries almost certainly travelled this route to Asia, as did early Muslim preachers a few centuries later.

b. Food from the Americas: The food that is part of our staple diet today like potatoes, soya, groundnuts, maize, tomatoes, chillies, sweet potatoes etc. were not known to our ancestors until the accidental discovery of the Americas by Christopher Columbus.

These foods only made it to Europe and the rest of the world after this monumental discovery of the new continent.

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

**Solutions:** The global transfer of disease in the pre-modern world helped in the colonization of the Americas. The reason was that the native Americans were not immune to the diseases that the European settlers brought with them. The Europeans were to a certain extent immune to the effects of diseases like smallpox due to centuries of exposure, but the native Americans had no such defence against this disease, as they were isolated from diseases native to the old world.

At times, settlers deliberately practised biological warfare on the natives by giving items laced with smallpox germs as ‘gifts of friendship’. The disease was far more effective in wiping out entire tribes and communities without having to resort to firearms.

3. Write a note to explain the effect of the following:

   a. The British government’s decision to abolish the corn laws
   b. The coming of rinderpest to Africa
   c. The death of men of working-age in Europe because of the World War
   d. The Great Depression on the Indian Economy
   e. The decision of MNCs to relocate production to Asian countries

**Solution:**
a. The British government’s decision to abolish the Corn Laws was due to pressure from the landed groups, who were unhappy with the high price of food and the cheap inflow of agricultural products from Australia and America. As a result, many English farmers left their profession and migrated to towns and cities. Some went overseas. This indirectly led to global agriculture and rapid urbanization, a prerequisite of industrial growth.

b. Rinderpest (a fast-spreading disease of cattle plague) arrived in Africa in the late 1880s. It had a terrifying impact on people’s livelihoods and the local economy. It started in East Africa and soon spread to the other parts of the continent. Within five years, it reached the Cape of Good Hope (Africa’s Southernmost tip) by which it had killed 90% of the cattle population in that part of Africa. It spread through infected cattle imported from British Asia to feed the Italian soldiers invading Eritrea in East Africa. Using this situation to their advantage, colonizing nations conquered and subdued Africa by monopolizing scarce cattle resources to force Africans into the labour market. The Africans were forced to work for a wage due to the loss of their livelihood due to the effect of Rinderpest.

c. The First World War was the first modern industrial war. It saw the use of machine guns, tanks, aircraft, chemical weapons etc. on a massive scale. To fight such a war millions of soldiers had to be recruited from around the world and moved to the frontlines on large ships and trains. The scale of death and destruction was unlike any other conflict in the modern era. Most of the killed and maimed were men of working age; the deaths and injuries of these men drastically reduced the able-bodied workforce in Europe. Within fewer members within the family, household incomes declined after the war. Thus women stepped in to do the jobs that were earlier done by men. It increased the role of women led to a demand for equal status in society. It made the feminist movement even stronger.

d. In the nineteenth century, colonial India had become an exporter of agricultural goods and importer of manufactures. The impact of the Great Depression in India was felt, especially in the agricultural sector. It was evident that the Indian economy was closely becoming integrated into the global economy. India was a British colony and exported agricultural goods and imported manufactured goods. As international prices crashed so did the prices in India. The wheat prices in India fell by 50% between 1928 and 1934.

e. Wages were relatively low in Asian countries like China. Thus, they became lucrative destinations for investment by foreign MNCs competing to dominate world markets. The relocation of industry to low-wage countries stimulated world trade and capital flow.

Impact of MNC’s decision to relocate production in Asian Countries was as follows:

a. It provided a cheap source of labour for MNCs

b. It stimulated world trade and increased capital inflow in the Asian Countries

c. The local population now had a greater choice of goods and services along with prospects of greater employment opportunities for them.

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

Solution:

1. Improved transportation systems: Improved transportation systems helped the foods get delivered on time to the markets without any harm. Faster railways, lighter wagons and larger ships helped move food cheaply and quickly from faraway farms to final markets.

2. Refrigerated ships: The development of refrigerated ships enabled the transport of perishable foods over long distances. 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. The poor in Europe could now add meat to their diet, which was monotonous with only bread and potatoes.

5. What is meant by the Bretton Woods Agreement?

Solution: In order to preserve economic stability and full employment in the industrial world, the post-war international economic system was established. To execute the same, the United Nations Monetary and Financial Conference was held in July 1944 at Bretton Woods in New Hampshire, USA. The Bretton Woods Conference established the International Monetary Fund (IMF) to deal with external surpluses and shortages of its member-nations. The International Bank for Reconstruction and Development (popularly known as the World Bank) was set up to financial post-war reconstruction, and they started the financial operations in 1947.

Under the agreement, currencies were pegged to the price of gold, and the US dollar was seen as a reserve currency linked to the price of gold. Decision-making authority was given to the Western industrial powers. The US was given the right of veto over key IMF and World Bank decisions. The Bretton Woods system was based on fixed exchange rates. The Bretton Woods system opened an era of unique growth of trade and incomes for the Western industrial nations and Japan.

6. Imagine that you are an indentured Indian labour in the Caribbean. Drawing from the details in the chapter, write a letter to your family describing your life and feelings

Solution: Dear Ma and Pa,

My work as an indentured labourer Jamaica is far from a walk in the park. Through this letter, I want to tell you about my life here.

When the contractor hired me, he was quite economical with the truth about the living and working conditions. To say nothing of the kind of work and place of work.

We have very few rights, with the contractor living up to the behaviour standards expected of them in the Caribbean - extremely harsh. He treats us like animals since we are a minority and thus easy targets for his wrath. Accidents are common in the sugar plantations in Jamaica. One time I saw a worker burnt alive when the liquid sugar we were boiling accidentally spilt on him. Since he cannot work with his third-degree burns, the contractor saw it fit to throw him out without any due wages paid. We don’t have any rights to speak or to express our dissatisfaction about the working conditions. And if we do, we will face the overseer’s whips.

Whenever I do not attend my work, I am liable to be to jail. There is a lot of work at the plantations with a heavy workload and less time to finish it all.

In case of unsatisfactory work, my wages are cut. If there is hell on earth, it certainly is this. I know my writing will cause you anguish but rest assured there is the talk of new laws underway to protect labourers like us. Thus, this situation will pass soon.
7. Explain the three types of movements or flows within the international economic exchange. Find one example of each type of flow which involved India and Indians, write a short account of it.

**Solution:** The three types of movements or flows within the international economic exchange are trade flows, human capital flows and capital flows or investments. These can be explained as—the trade in agricultural products, migration of labour, and financial loans to and from other nations.

1. **The flow of trade (trade in goods, e.g. cloth or wheat):**

   India was a hub of trade in the pre-modern world, and it exported textiles and spices in return for gold and silver from Europe.

   Fine cotton was produced in India and was exported to Europe. With industrialization, British cotton manufacture began to expand, and industrialists pressurized the government to restrict cotton imports and protect local industries. As a result of the tariffs that were imposed on cloth imports, the inflow of fine Indian Cotton began to decline.

2. **The flow of labour (the migration of people in search of employment):**

   In the field of labour, indentured labour was provided for mines, plantations and factories abroad, in huge numbers, in the nineteenth century. This was an instrument of colonial domination by the British. Indentured labourers were hired under contacts which promised return travel to India after they had worked five years on their employer’s plantation. The living conditions were harsh, and the labourers had little protection of the law or from it as they had little rights.

3. **The movement of capital (investments):**

   Lastly, Britain took generous loans from the USA to finance the World War. Since India was an English colony, the impact of these loan debts was felt in India too. Food and other crops for the world market required capital. Large plantations could borrow it from banks and markets.

8. Explain the causes of the Great Depression

**Solution:** The Great Depression was a result of many factors:

1. Agriculture overproduction was a major problem. As a result, agricultural prices fell. As prices fell, so did agricultural incomes. This increased the volume of goods in the market. The situation got worsened in the market. Prices fell down further. Farm produce began to rot due to the lack of buyers.

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

3. The withdrawal of US loans affected the rest of the world in many different ways. In Europe, it led to the failure of the major banks and the collapse of major currencies such as the British pound sterling. 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, in spite of the falling value of the dollar.

9. 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?

Solution: After the Second World War, many parts of the world were still under European colonial rule, and it took over two decades for the colonies in Asia and Africa to become free independent nations. When they became free, they faced many other problems such as poverty, lack of resources, etc. Economies and societies were handicapped for being under colonial rule for long periods.

As colonies, many of the less developed regions of the world had been part of Western empires. The policy of the Bretton Woods twins tilted more in favour of the developed nations of the Western world. Now, ironically, as newly independent countries facing urgent pressures to lift their populations out of poverty, they came under the guidance of international agencies dominated by the former colonial powers.

Therefore, these colonies organised themselves as a group – the Group of 77 (or G-77) – to demand a new international economic order (NIEO). By the 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.