



**CLASS X**  
**HISTORY**  
**UNIT IV – TRADE AND GLOBALIZATION**

**SOLUTIONS**

**TEXTUAL QUESTIONS & ANSWERS**

**A. LONG ANSWER TYPE QUESTIONS**

**Q.1. Explain the trends of international trade and economy during the two World Wars?**

**Ans:** The First War disrupted the **International Trade and Economy** across the globe. The European Countries adopted again protective tariffs to rebuild their economies. **The United States** had replaced Britain as a **World leader** in the international trade and economy and she was also affected by the trend. **The Great Economic Depression originated in the USA** and the wide spread use of the protective tariffs led to the decline of the World Trade and Economy during the two World Wars. **Germany ceased to be an economic power. Britain was no more a banker to the World trade.** The USA had become the most powerful creditor advancing millions of dollars as loan to many European Countries. **Unemployment and rise of interest rates** resulted in the high cost of production. **The Economic Crisis of 1930s** affected trade and economy very badly. The European Countries lost their profitable trade. By 1933, the **World Economic Conference was held in London** for economic co-operation and **removing trade barriers.** The United State **President Roosevelt** devised a plan called the “**New Deal**” which laid emphasis on State Control over trade and industry.

**Q.2. Trace the history of economic growth after the first half of the 20<sup>th</sup> Century.**

**Ans:** After the Second World War, **Europe suffered from serious Economic Crisis.** The economies of European Countries had collapsed beyond recovery. The USA and many Western European Countries tried hard to grow their economies. Through **the Marshall Plan**, Europe got huge economic aid from the USA between 1947 and 1952. In 1948, the **Organization for European Economic Cooperation (OEEC)** was established and by 1963, the rebuilding process adopted by the OEEC led to the growth of Industrial and Agricultural production to the pre-war level. On April 18, 1951 **West Germany, France, Italy, Belgium the Netherlands and Luxemburg** signed a treaty for establishing **European Coal and Steel Community (ECSC).** This proposal was approved by the Parliaments of six member countries on July 25, 1952. These above two organisations succeeded in achieving the European movement for **Economic Union.** The European Common Market aimed to promote economic development of member



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With the formation of the **Council for Mutual Economic Assistance (COMECON)** on 25<sup>th</sup> January, 1949 the economic growth of the Eastern European Countries could also be achieved.

**Q.3. Estimate the International trade and economy after the World War-II.**

**Ans:** The World War-II damaged the trade and economies of various countries very badly and many countries began to join hands to reconstruct the devastated economies. The **Organisation of Petroleum Exporting Countries (OPEC)** was set up in **1960** to get the best price from the oil exported by them, when the OPEC quadrupled the price of crude oil in 1973-1974, a **worldwide energy crisis** took place. **The General Agreement on Tariffs and Trade (GATT)** stood for the **Upgradation of World Economy**. The GATT was replaced by the **World Trade organisation (WTO)** on the First January, **1995**. Three major economic blocks began to emerge such as Northern America, the European Union and the Far East. A free trade zone came up in South East Asia. With the establishment of various trade related organisations and signing of various trade agreements across the World, the war torn economies of Europe and Japan were restored after the Second World War. The World trade increased in a massive way leading to a strong globalized economy.

**Q.4. Explain the contributions of Bretton Woods Conference in the growth of Globalized Economy.**

**Ans:** To rebuild the devastated economy created by World War II, a Group of Financial Expert's representing **44 countries** held a conference at Bretton Woods, New Hampshire (USA) during July, 1944. The member countries could borrow the required amount for financing the international trade. It also decided to create an International Bank for Reconstruction and Development known as the World Bank. **The World Bank began its operation in 1964** with its **headquarter at Washington DC**. The **Bretton Woods Conference** also created the **International Monetary Fund (IMF)** to create international monetary cooperation, **to stabilize currency** and to assist member countries. The conference also mentioned number of conditions which member countries were required to comply, each member country agreed to establish the par value for its currency and the value of a unit of its currency would be **fixed in relation to the Dollar or Gold**. However the system had been abandoned in 1971 when the USA removed the dollar from the gold standard. Since then currencies have been allowed to float in value in relation to each other and in relation to the conditions of the World Currency.



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## B. SHORT ANSWER TYPE QUESTIONS

**Q.1. Define 'Market'.**

**Ans:** Different people have something which are wanted and bought by some other people whether finished products, food or natural resources. The globalized economies spread the manufacturing process across the globe. Thus, **Market is a place where the seller meets the buyer to exchange goods for money.** The goods pass through many stages or hands before reaching the consumers.

**Q.2. What is meant by "Mercantilism"?**

**Ans:** "Mercantilism" is a European Economic Theory and System that actively supported the establishment of colonies that would supply materials and markets and relieve home countries of dependence on other countries.

**Q.3. Write a note on the contribution of Adam Smith in the growth of 'Free Trade'?**

**Ans:** By the middle of the 19<sup>th</sup> Century, the **Free Trade Theories of Adam Smith** overshadowed the British Mercantilist Theories. As for example, Britain repealed the 'Corn Laws' in 1846, which **restricted grain imports** for several centuries. Consequently, the British market was flooded with the cheap American grains and it helped in the growth of British economic condition.

**Q.4. What was the "Hoover Moratorium"?**

**Ans:** After the World War I, Germany could not pay war reparation. So, its president Hindenburg appealed to the American President Herbert Clarke Hoover for a moratorium which was granted for one year beginning from 1<sup>st</sup> July, 1931. The proposal came to be known as "**Hoover Moratorium**". It saved Germany from the complete collapse of her economy for time being. It aimed at **providing relief to Germany.**

**Q.5. How was England affected by the Great Economic Depression of the 1930s?**

**Ans:** **The Great Economic Slump** caused serious financial strain on the British economy. It affected her trade very badly. England lost her profitable trade. She was no more a banker to the World trade. In September, 1931 Britain went off the gold standard which was resulted by the massive withdrawal of foreign deposits from Britain.

**Q.6. What was the Marshall plan?**

**Ans:** **Marshall Plan** was a programme of loans and other **economic assistance provided by the USA between 1947 and 1952 to help Western European countries** for rebuilding their economies after the Second World War. Europe got huge economic aid from the USA through the Marshall Plan (1947).



**Q.7. Why was the Organization for Economic Co-operation and Development (OECD) established?**

**Ans:** The Organization for Economic Cooperation and Development (OECD) was established to:

- (i) Promote Economic and Social Welfare in member countries.
- (ii) Stimulate and harmonize efforts on behalf of developing countries.

**Q.8. What do you mean by “Globalization”?**

**Ans:** The process by which Social Institutions become adopted on a global scale or the process by which a business or company becomes International or starts operating at International level is known as **Globalization**.

**Q.9. What were the main activities of the Bretton Woods conference?**

- Ans:**
- (i) Creation of an International Bank for reconstruction and development known as the **World Bank in 1946**.
  - (ii) Creation of **International Monetary Fund (IMF)**.

**Q.10. State the importance of the World Bank.**

- Ans:**
- (i) The World Bank was established to provide funds to the needy countries for their economic reconstruction after the Second World War.
  - (ii) The World Bank extends loans to developing countries for economic development.
  - (iii) It also extends technical assistance to the needy country through Economic Development Institute.

### C. VERY SHORT ANSWER TYPE QUESTIONS

**Q.1. Name the famous book authored by Adam Smith.**

**Ans:** “The Wealth of Nations”.

**Q.2. Who was John Maynard Keynes?**

**Ans:** **John Maynard Keynes** was a famous British Economist who wrote “**A Treaties on Money**” and “**General Theory of Employment, Interest and Money**”.



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**Q.3. In which year was the Smoot Hawley Tariff Act enforced in the USA?**

**Ans:** 1930.

**Q.4. Name the Country which emerged as the most powerful creditor after the World War II.**

**Ans:** The USA.

**Q.5. What was aimed by the Hoover Moratorium?**

**Ans:** It aimed at providing relief to Germany.

**Q.6. What is meant by the Gold standard?**

**Ans:** It is a system of defining monetary units in terms of their value in gold.

**Q.7. Why was the Schuman Plan so called?**

**Ans:** It was called the Schuman Plan as it was proposed by Robert Schuman, the French Foreign Minister.

**Q.8. What is Tariff?**

**Ans:** Tariff is a duty levied by government on imported or exported goods.

**Q.9. What is the other name of European Economic Community?**

**Ans:** The European Common Market.

**Q.10. What is the full form of the “COMECON”?**

**Ans:** The Council for Mutual Economic Assistance.

**Q.11. Which organization replaced the GATT?**

**Ans:** The GATT was replaced by the World Trade Organization (WTO) in 1995.

### **EXTRA QUESTIONS & ANSWERS**

**Q.1. Name two power blocks which fought First World War, 1914-1918.**

**Ans:** (i) Allies Powers Consisting of Britain, France, Russia and USA.

(ii) Central powers consisting of Germany, Austria-Hungary and Turkey.



মহাশিক্ষা বিভাগ আৰু সন্থাৰক্ষণ বিভাগ (আম)

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**Q.2. Give two reasons for declining of World Trade and economy during the two World Wars.**

**Ans:** (i) The Great Economic Depression of 1929.  
(ii) Widespread use of protective Tariffs by Countries.

**Q.3. Write full form of NAFTA and ASEAN.**

**Ans:** (i) North American Free Trade Agreement (NAFTA)  
(ii) Association of South East Asian Nations (ASEAN).

**Q.4. State two aims of the GATT.**

**Ans:** (i) To get rid of trade quotas.  
(ii) To lower tariffs.

**Q.5. Give two goods result of Globalization.**

**Ans:** (i) It leads to an opportunity in terms of greater access to international markets, high technology etc.  
(ii) It increases the possibility of large industries of developing countries to play important roles in the World Markets.

**Q.6. Why did the USA withdraw her capital from the debtor Nations between the two World Wars?**

**Ans:** Because of booming up in their economy, the Americans became more interested to invest in their own country.

**Q.7. Why did Britain go off the Gold Standard in September, 1931?**

**Ans:** Because of the massive withdrawal of foreign deposits from Britain.

**Q.8. Name the organization of communist World which is Similar to the World Bank.**

**Ans:** International Bank of Economic Development (IBED)

**Q.9. What was the immediate effect of the Hoover Moratorium on Germany?**

**Ans:** It saved Germany from the complete collapse of her economy for time being.

**Q.10. In which year did Britain join the European Common Market?**

**Ans:** 1973.

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