

HOTS (Higher Order Thinking Skills)

Q.1. To What did the European Union change from an economic union?

Ans. The European union changed from an economic union to an increasing political one.

Q.2. What was opposed by Denmark and Sweden?

Ans. Treaty of Maastricht and adoption of Euro, currency of European Union were opposed by Denmark and Sweden.

Q.3. How did India–China relations become bitter?

Ans. Involvement of India and China in the Chinese takeover of Tibet in 1950 and the final settlement of the Sino-Indian border led bitterness among the two countries.

Q.4. What are the opportunities of ASEAN security community?

Ans. ASEAN security community is based on the conviction that outstanding territorial disputes should not escalate into armed confrontation. It has the following features:

- a. By 2003, ASEAN had several agreements in place by which member states promised to uphold peace, neutrality, cooperation, non-interference and respect for national differences and sovereign rights.
- b. The ASEAN Regional Forum (ARF) was established in 1994 to carry out coordination of security and foreign policy.

Q.5. How does geographical proximity influence the formation of regional organisations?

Ans. Geographical proximity influences the formation of regional organisations in the following manner:

1. Geographical proximity develops the feeling of integration of countries.
2. Since they have similar security issues, development of feeling of integration mediates the end of struggle and war. Peace and tranquility get a boost.
3. The military expense spent on mutual differences is thus saved. Moreover, expenses can be saved by collective security.
4. Expenses can be laid on to provide public facilities like agriculture, industries, transport, science and technology, health, etc. This helps in developing economy and bringing economic reforms.

Q.6. Assess the role of ASEAN as an economic association.

[CBSE (AI) 2016]

Or

Why does ASEAN still remain principally an economic association?

[CBSE Delhi 2015]

Ans. Role of ASEAN as an economic association:

- (i)** ASEAN region as a whole is a much smaller economy compared to the E.U, the US and Japan.
- (ii)** The economy of ASEAN region is growing much faster than that of the US, EU and Japan.
- (iii)** This accounts for the growth in its influence both in the region and beyond.
- (iv)** ASEAN is trying to create a common market and production base within the ASEAN States.
- (v)** A mechanism is being evolved to settle and resolve the economic disputes.
- (vi)** ASEAN has focused on creating a Free Trade Area for investment, labour and services.
- (vii)** Its vision 2020 defined an outward looking role for ASEAN in the international community.
- (viii)** The current economic strength of ASEAN is being a trading and investment partner to the growing Asian economies such as India and China. Singapore and Thailand.
- (ix)** Two ASEAN members signed FTA with India.

Q.7. How was China affected when it decided to sever its links with capitalist country after communist revolution in 1949?

Ans. The People's Republic of China in 1949 was established following the communist revolution under the leadership of Mao. The relations of Republic of China with economically backward capitalist countries continued from the rule of Chiang Kai-shek also ended. The reason behind this was the western countries under the leadership of US considered communist China as untouchable in the political world and thus were reluctant to establish any kind of diplomacy or trade and commerce with China. On the

other side, communist China was not keen to have trade relations with Western countries. It adopted the Karl Marx economic theory after the revolution of Soviet Union. Soviet Union provided economic and financial help to China but this could not continue for a longer period of time. In such conditions, China had to trust and survive on its own resources. China had to suffer from the lack of sufficient foreign currency to purchase products even after setting up the industries that were under government's control by taking capital from its agricultural sector. Therefore, China adopted the policy of developing products gradually at a domestic level.

Q.8. Write about the role played by the European Union (EU) as supranational organisation.

[CBSE (AI) 2011]

Ans. Following roles are played by EU as supranational organisation:

1. The European Union has evolved over the time from an economic union to an increasingly political one. The EU has started to act more as a nation state. While the attempts to have a constitution for the EU have failed, it has its own flag anthem, founding date, and currency. It has also some form of a common foreign and security policy in its dealings with other nations.
2. The EU has tried to expand areas of cooperation while acquiring new members especially from the Soviet bloc. The process has not proved easy, for people in many countries are not very enthusiastic in giving the EU powers that were exercised by the government of their country. There are also reservations about including some new countries within the EU.
3. The EU has economic, political and diplomatic and military influence. The EU is the world's biggest economy with a GDP of more than US \$12 trillion in 2005, slightly longer than that of the United States. Its currency, the euro, can pose a threat to the dominance of the US dollar. Its share of the world trade is three times larger than that of the US, allowing it to be more assertive in trade disputes with the US and China.

Its economic power gives it influence over its closest neighbours as well as in Asia and Africa. It also functions as an important bloc in international economic organisations such as World Trade Organisation (WTO).
4. Two members of the EU, Britain and France, hold permanent seats on the UN security council. The EU includes several non-permanent members of the UNSC. This has enabled the EU to influence some of the policies of US and other countries.

Q.9. Write any two similarities and differences between USA and EU.

[CBSE (AI) 2008]

Ans. The similarities between USA and EU are as follows:

USA	EU
<p>1. USA is a democratic country. It supports globalisation, capitalist economic system and liberal economies.</p> <p>2. USA doesn't trust countries like China and Soviet Union. It has the World's biggest military. America is a permanent member country in UN Security Council with a veto power. It is equipped with nuclear arms and weapons.</p>	<p>1. All the countries of EU are also democratic. They also support globalisation, capitalism and liberal economy.</p> <p>2. Two members of the EU, Britain and France, hold permanent seats on the UN Security Council. EU and America together provide military assistance at international level. Most of the countries of the EU are well equipped with nuclear arms and weapons. They share a cordial relation with America.</p>

The differences between USA and EU are as follows:

USA	EU
<p>1. USA is geographically one country and a united state of 51 countries. Political and military policies are adopted uniformly and unity and disintegration is stable and permanent.</p> <p>2. As far as basis of unity is concerned, political and military assistance is there in all the states of USA.</p>	<p>1. EU is a group of several sovereign countries. It has not taken a form of a country or a nation.</p> <p>2. An economic organisation, a mutual market, one currency and following of capitalist policies are the basis of unity of EU.</p>

Q.10. 'China and India are emerging as economic power'. Do you agree? Support your answer with any three arguments.

[CBSE Delhi 2011]

Ans. Yes, the above statement is true. The arguments in favour are:

1. China and India are those two countries of Asia which are powerful and rich in resources. Friendship and a sound relationship between these two countries can be a reason of worry for America. Both of these countries are capable of challenging unipolar power, US and its friendly alliances by adopting similar policies and ideology on international political front.
2. The population of China and India is more than 200 crores. Such a huge population can serve as a huge market for goods made by America. These countries can provide skilled and unskilled cheap labour to western and other countries.

3. China and India are developing countries. These are in favour of country's economy, Free Trade Policy, liberalisation, globalisation, etc. Both countries can accelerate the speed of economic development by welcoming foreign currency investment by establishment of MNCs.
4. While taking loan from the World Bank and IMF, both the countries can control the baseless conditions of America and other powers.
5. Both the countries can develop significantly in their fields of science and technology with mutual help and efforts.

Q.11. The emerging economies of China and India have great potential to challenge the unipolar world. Do you agree with the Statement? Substantiate your arguments.

[NCERT]

Ans. Economies of China and India are developing with a rapid pace. The emerging economies of China and India have great potential to challenge the increasing US hegemony. Both the countries share some similarities that make them capable of doing so. These are:

1. India and China are populous countries. If its population be used in right direction, then it can be a challenge for any country. Huge population can provide a large market to America where it can consume its goods.
2. China and India are developing countries. Both want to adopt the policies of economy, Free Trade Policy, liberalisation and international assistance. Countries full of resources, like America can be attracted for capital investment.
3. India and China are rich in nuclear resources and weapons. They can stop US monopoly. America would like to maintain a healthy relationship with the countries rich in arms and weapons instead of putting them under its control.
4. Both the countries can produce electricity, can resolve the problem of scarcity of water and promote other industries by channeling rivers present on boundaries. Thus, China and India should resolve their boundary conflicts.
5. India and China can provide skilled and unskilled cheap labour to America, which would be helpful in resolving the issue of unemployment and can gain foreign currency.

Q.12. Identify the contentious issues between China and India. How could these be resolved for greater cooperation? Give your suggestions.

[NCERT]

Ans. India and China are two ancient countries and their relations are also ancient. Many priests promoted Buddhism in China and many Chinese travelled India too. Relations between both the countries were normal but some issues led to bitterness among their relations. Those issues are as follows:

(i) Tibet Crises: After the revolution of 1949, Chinese leaders sent their troops in Tibet in 1950. India didn't support this action but neither opposed this openly. In 1959, Dalai Lama eloped and came at India, this was considered as an act of enmity by China, which led to bitterness between China and India relations.

(ii) Chinese on Indian region: After China controlled Tibet, a large portion of Arunachal in the south of NEFA and Ladakh was depicted as Chinese region. When India attracted China's attention towards it, China tried to escape by giving an excuse that the map was formed under Chiang Kai-shek's government. In the meanwhile, it laid a trap and roads, placed its military in those areas. India was completely unaware of China's act because of the absence of roads that lead to these areas.

(iii) Chinese attack of 1962: China and India were involved in a border conflict in 1962 over competing territorial claims principally in Arunachal Pradesh and in the Aksai Chin region of Ladakh. The conflict of 1962, in which India suffered military reverses, had long term implications for India-China relations. Due to public outrage and fearing the US interference, the war was ended but the geographical area that was captured by China during war is still under China.

(iv) China supporting Pakistan: China always supported Pakistan and stood against India. It prepared a military in Kashmir region that was under Pakistan. It helped Pakistan and started revolting against India in international world. Pakistan received full assistance from China in Indo-Pak war in 1965 and 1971. It openly warned India regarding sikkim in 1971 and started calling India as 'an attacker'. Following reforms can be suggested to improve India-China relations:

1. A new limit to resolve boundary conflicts should be proposed and no country shall cross the limit.
2. Leaders of both the countries should meet, time to time and mutual differences should be solved at verbal level.
3. India and China should promote agreements based on cultural exchanges and cooperation in science and technology. Exchange of computer related technology can be done between both the countries.
4. Both the countries should promote Free Trade Policy and should be concerned about their economic development by maintaining a sound relationship.
5. Expenses should be saved by establishing mutual peace and tranquillity. India and China should focus on common problems such as population, unemployment, poverty and backwardness by investing the expenses saved from safety budget.

Q.13. How has the European Union evolved over time from an economic union to an increasingly political one?

[CBSE Delhi 2015]

Ans. The formation of European Union was aided by the cold war. It became a forum for the Western European States to co-operate on trade and economic issues.

It also laid stress on a common foreign and security policy, co-operation on justice and home affairs and the creation of a common currency.

It has also started to act more as a nation state.

While the attempts to have a Constitution for the EU have failed, still it has its own flag, anthem, founding date and currency. It also has some form of a common foreign and security policy in its dealings with other nations. It shows that European Union evolved over time from an economic union to an increasingly political one.

Q.14. In what ways does the present Chinese economy differ from its command economy?

[NCERT]

Ans. The present Chinese economy differs from its command economy in many ways. This can be seen in Chinese perspective. After the revolution held under the leadership of Mao Tse Tung, China's relations with capitalist countries completely came to an end. China had to survive on its own resources in spite of some assistance provided by Soviet Union. It invested capital from agriculture sector to set up industries at government level under government control. But China had to face lack of sufficient foreign capital in order to buy highly advanced equipments and material from the foreign market. Thus, China prepared imported goods at a domestic level. This system benefitted China in industrialisation of its economy. All citizens came under the area of employment and under the benefit of enjoying social welfare schemes as instruments/materials from all over the state were used. China took a front lead in educating and providing health facilities to its citizens. Its economy rose at a rate of 5-6 percent whereas its population growth was still at a rate of 2-3 per cent. In order to overcome such a situation, the Chinese leadership took major policy decisions in the 1970s. China established its relations with the United States in 1972. It gained UN membership as well. In 1973, Premier Zhou Enlai proposed the 'four modernisations' in agriculture, industry, science and technology and military. Its greatest change was noticed in 1978, when leader Deng Xiaoping announced the 'open door' policy and started economic reforms in India. This led to foreign investments in China and gross production was increased considerably. China was seen as an emerging superpower due to adoption of new policies. Its huge population is capable of consuming produced goods. But due to surplus production and Chinese rates, being less than other countries in market, China benefitted in the economic competition. But at the same time, it tried to control the problems of increasing population. In 1982, privatisation of agriculture led to remarkable increase in agricultural production and raise in rural incomes. High personal savings in the rural economy lead to an exponential growth in rural industry. In 2001, China became a member of 'World Trade Organisation' (WTO) and its economy opened to other countries. This attracted foreign investors. Present China's economy seems as

if it would become the World's largest economy by 2040, thus leaving US behind. All the countries including US have now started to maintain a sound relationship, bypassing old issues.

Q.15. What makes the European Union a highly influential regional organization?

[CBSE Sample Paper 2015]

Ans. EU has considerable political, military and diplomatic influence:

- i. EU with a GDP of over \$ 12 trillion (2005) is the biggest economy in the world surpassing even that of US.
- ii. Its currency Euro can pose a serious threat to the hegemony of US dollar.
- iii. EU's share of world trade is three times bigger than that of US.
- iv. The economic power of EU gives it power to influence its neighbours as well as Asian and African countries.
- v. Its members Britain and France are permanent members of the UNSC. Several non-permanent members of UNSC are also from EU. This has enabled the EU to influence some US policies such as US position on Iran's nuclear program.
- vi. Militarily, the EU's combined armed forces are the second largest in the world. Its total spending on defense is second after the US.

Q.16. How was Chinese path of market economy different from the one adopted in Russia?

[CBSE Sample Paper 2016]

Ans. Russia and China adopted two different paths of market economy.

- In Russia, the concept of market economy was brought forward by IMF and the World Bank and the Russian government was not allowed to take part in this process. In China, the state played and continued to play a central role in setting up a market economy.
- In Russia, the transition from communism to capitalism was sudden and complete. It meant, rooting out completely any structure evolved during Soviet period. China on the other hand, followed their own path of market economy. It did not go for 'shock therapy' but opened its economy step by step.
- The shock therapy brought ruins to the Russian economy. Their large state controlled industrial complex collapsed as about 90 percent of its industries were put up for sale to private individuals and companies. Since restructuring was carried out through market forces and was not by government directed industrial policies, it led to the virtual disappearance of all the industries. The new economic policies helped the Chinese economy to break away from stagnation. The Chinese economy, including Industry and agriculture grew at a faster scale.
- China has become the most important destination for foreign direct Investment (FDI) anywhere in the world. It has large foreign exchange reserves that now

allow it to make big investments in other countries. As a result of 'shock therapy', the value of Rubble, the Russian currency declined dramatically. The real GDP of Russia in 1999 was below what it was in 1989. Ten years after the introduction of Shock therapy, Russia could revive its economy.