



Q5. What is meant by the Bretton Woods Agreement ?

Answer: The Bretton Woods Conference took place in the July of 1944 at Bretton Woods in New Hampshire, USA. Under this system, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) were established.

The main terms of this agreement were:

- (i) Formation of IMF and IBRD (also called the World Bank).
- (ii) To establish monetary cooperation amongst the member countries.
- (iii) Adjustable peg foreign exchange rates system was followed, i.e. the exchange rates were fixed, with the provision of changing them if necessary.

Currencies were required to be convertible for trade related and other current account transactions. The governments, however, had the power to regulate capital flows.

- (iv) All member countries were required to subscribe to the IMF's capital.

Q6. Imagine that you are an indentured Indian labourer in the Caribbean. Drawing from the details in this chapter, write a letter to your family describing your life and feelings.

Answer:

- (i) It was a world of faster economic growth as well as greater misery, higher income for some, and poverty for others, technological advances in some areas, and new forms of exploitation in others.

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

- (ii) Most of the indentured workers migrated in hope for a bright future, but they were exploited by the recruiting agent and by the employer.

- They had to pay a commission to the recruiting agent.
- The agents used to provide false information to the workers regarding their final destination, modes of travel, the nature of work and living and working conditions.
- Sometimes, agents even forcibly abducted less willing migrants.

- (i) Many of the indentured labourers escaped into the jungles.

- (ii) They started celebrating festivals like Hosay in which both the Hindus and Muslims, who had migrated from India participated.

- (iii) Many of the migrants joined or became part of the Rastafarianism, i.e. a religious movement born out of black slums of Jamaica.

- (iv) They started creating their own way of enjoyment like Chutney Music. The Chutney Music has been created by Indo-Caribbean people. The Music derives elements from Indian film songs.

- (v) They developed a new culture which was a blend of the new culture and the traditional culture of the indentured labourers.

Q7. Explain the three types of movements or flows within international economic exchange. Find one example of each type of flow which involved India and Indians, and write a short account of

it. [CBSE 2008, Sept. 2011]

Or

Explain the three types of flows within international economic exchange by giving any one example each. [CBSE Sept. 2010]

Answer: (i) The flow of trade: The flow of trade refers largely to trade in goods. For example, wheat travelled from Russia, America and Australia to Britain.

(ii) The flow of labour: This includes the migration of people in search of employment. For example, more than 50 million people migrated from Europe to America and Australia in search of jobs.

(iii) The movement of capital: This covers the movement of capital for short-term or long-term investments over long distances. For example, capital flowed from financial centres such as London to other parts of the world.

Q8. Explain the cause of the Great Depression.

Answer: This was a period during which most parts of the world experienced catastrophic decline in production, employment, income and trade. The state of Economic Depression set in the United States of America in 1929 and engulfed the entire world. This state of Economic Depression set in the United States of America (USA) in 1929 and engulfed the entire world. Hence, it is known as the Great Depression.

Causes of Economic Depression :

(i) Conditions created by the War: There was an immense industrial expansion in view of the increased demands of goods related to army during the period of the First World War. After the war, the industries went through the same proliferation. However, the sharp decrease in demands for military and war products gave birth to the economic depression.

(ii) Overproduction in agriculture:

Agricultural overproduction was one another major factor responsible for the depression. This was made worse by falling agricultural prices. As prices slumped, and agricultural income declined, farmers tried to expand production, and bring a larger volume of produce to the market to maintain their overall income. This worsened the glut in the market, pushing down prices even further. The farm produce rotted for lack of buyers.

(iii) Shortage of loans: In the mid 1920s, many countries financed their investments through loans from the US. While it was often very easy to raise loans in the US during the boom period, but the US overseas lenders panicked at the first sign of trouble.

(iv) Multiple effect: The withdrawal of lenders from the market had a multiple effect. In Europe, it led to the failure of some major banks, and the collapse of currencies such as the British pound and the sterling.

In Latin America and elsewhere, it intensified the slump in agricultural and raw material prices. The US attempt to protect its economy in the depression by doubling import duties also dealt another severe blow to the world trade.

Q9. (i) Explain what referred to as the G-77 countries.

(ii) In what ways can G-77 be seen as a reaction to the activities of the Bretton Woods Twins ?

Answer:

(ii) By establishing G-77, they could.

1. Get real control over their natural resources.
2. More assistance in their development.
3. Fairer prices for raw materials.
4. Better access for their manufactured goods.

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