

New Centers of Power

PART 1

Objective Questions

• Multiple Choice Questions

1. In which year, the Organisation for European Economic Cooperation was established?

(a) 1949 (b) 1948
(c) 1945 (d) 1957

Ans. (b) The Organisation of European Economic Cooperation was established in 1948 to channel aid to the West European states.

2. Plan influenced the establishment of the Organisation for European Economic Cooperation in 1948.

(a) Morgenthau Plan (b) Maastricht
(c) NATO (d) Marshall

Ans. (d) Marshall Plan influenced the establishment of the Organisation for European Economic Cooperation in 1948.

3. Name the countries which resisted Maastricht Treaty.

(a) Britain and France (b) France and USA
(c) Germany and Britain (d) Denmark and Sweden

Ans. (d) Denmark and Sweden resisted the Maastricht Treaty. The treaty is formally known as the Treaty of Europe responsible for creation of European Union signed in 1991.

4. Which of the following statement(s) is/are correct with regard to the European Union?

(i) The EU over the time has turned from economic union to a political one.
(ii) The attempt to EU to have its own constitution failed.
(iii) It has its own flag, anthem, founding date and currency.

Codes

(a) Only (i) (b) Only (ii)
(c) Only (iii) (d) All of these

Ans. (d) Among the given options all are correct. The EU has changed from economic union to a political one. The attempt of EU to have its own constitution failed. It has its own flag, anthem, founding date and currency.

5. Two member countries of European Union are

(a) Japan and China
(b) Australia and Mauritius
(c) Poland and Czech Republic
(d) Indonesia and Malaysia

Ans. (c) Two member countries of European Union are Poland and Czech Republic. The EU is a group of 27 political and economic union countries. The latest country to join EU is Croatia in 2013.

6. Which of the following statements is correct about the ASEAN way?

(i) Reflects the lifestyle of ASEAN members.
(ii) A form of interaction among ASEAN members that is informal and cooperative.
(iii) The defence policy followed by the ASEAN members.
(iv) The road that connects all the ASEAN members.

Codes

(a) Both (i) and (iii)
(b) Both (ii) and (iv)
(c) Only (ii)
(d) Only (iv)

Ans. (c) ASEAN way is a form of interaction among ASEAN members that is informal and cooperative.

7. is the organisation of ASEAN that deals with the security.

(a) ASEAN Economic Community
(b) ASEAN Socio Community
(c) ASEAN Security Community
(d) ASEAN Cultural Community

Ans. (c) ASEAN Security Community is the organisation of ASEAN that deals with the security.

8. Two founder members of ASEAN are and

(a) Australia and China
(b) Indonesia and Malaysia
(c) Mauritius and Myanmar
(d) Cambodia and Vietnam

Ans. (b) Two founder member of ASEAN are Indonesia and Malaysia. The other founder member countries are - Philippines, Singapore and Thailand.

9. The ten Stalks of Paddy (Rice) shown in the ASEAN Flag symbolise

- (a) Unity of ASEAN as it represents ten members of South-East Asian countries.
- (b) Disintegration of South -East Asian countries.
- (c) Political and Social stability of ASEAN member countries.
- (d) None of the above

Ans. (a) The ten Stalks of Paddy (Rice) shown in the ASEAN Flag symbolise unity of ASEAN as it represents ten members of South-East Asian countries.

10. Consider the following and arrange them in correct sequence.

- (i) ASEAN Vision
- (ii) European Union
- (iii) European Economic Community
- (iv) Open Door Policy

Codes

- (a) (ii), (i), (iv) and (iii)
- (b) (iii), (i), (iv) and (ii)
- (c) (i), (ii), (iii) and (iv)
- (d) (ii), (iv), (i) and (iii)

Ans. (b) European Economic Community—1957

ASEAN Vision—1967

Open Door Policy—1978

European Union—1993

11. Which of the following nations adopted an 'Open Door Policy'?

- (a) China
- (b) South Korea
- (c) Japan
- (d) USA

Ans. (a) China adopted an 'Open Door Policy'. Deng Xiaoping announced the Open Door Policy in 1978 for foreign companies to invest and establish in China.

12. China entered into bilateral relations with (a major country) in 1972.

- (a) USA
- (b) Russia
- (c) India
- (d) Israel

Ans. (a) China entered into bilateral relations with USA in 1972.

13. Which among the following was the first non-communist country to establish an embassy in China?

- (a) India
- (b) USA
- (c) Japan
- (d) Russia

Ans. (a) India was the first non-communist country to establish an embassy in China. China and India are two of the major regional powers in Asia and two most populous countries in the world.

14. Consider the following statements about objectives of establishing regional organisations.

- (i) To promote regional peace and stability based on rule of law.
- (ii) To develop the countries politically so that they can have an impact on the decision-making process at the global level.
- (iii) To accelerate economic growth of the native or indigenous forces by establishing cooperation and consensus.

Select the correct statement(s) through following codes.

- (a) Both (i) and (iii)
- (b) Both (ii) and (iii)
- (c) Only (iii)
- (d) All of these

Ans. (d) All the statements given above are the objectives of establishing regional organisations.

15. Study the following picture and answer the questions.

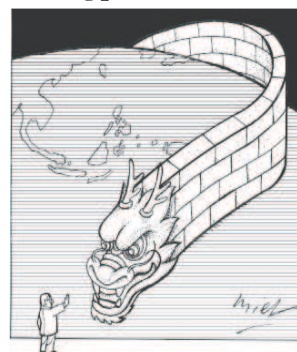


What does the fifteen stars on ship represent?

- (a) Group of South Asian Countries
- (b) Group of European Capitalist Countries
- (c) Group of Middle East Countries
- (d) Group of African Countries

Ans. (b) The fifteen stars on the ship represent a group of fifteen European capitalist countries established in 1992.

16. Study the following picture and answer the questions.



The cartoon depicts the economic rise of which country?

- (a) USA
- (b) Russia
- (c) China
- (d) India

Ans. (c) The cartoon depicts the economic rise of China; as China adopted communist ideology.

• Assertion-Reasoning MCQs

Directions (Q. Nos. 17-20) In the question given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct options.

Codes

- (a) Both A and R are true and R is the correct explanation of A.
- (b) Both A and R are true, but R is not the correct explanation of A.
- (c) A is true, but R is false.
- (d) A is false, but R is true.

17. Assertion (A) The EU has started to act more as a dictator state.

Reason (R) It also has some form of a common foreign and security policy in its dealings with other nations.

Ans. (d) A is false because the European Union has started to act more as a nation state. R is true as it has some form of a common foreign and security policy in its dealings with other nation. The EU has tried to expand areas of cooperation while acquiring new members.

18. Assertion (A) ASEAN's economy is larger than that of the EU and the US.

Reason (R) ASEAN was and still remains principally an economic association .

Ans. (d) A is false as ASEAN region as a whole is a much smaller economy as compared to the US, EU and Japan. R is true as ASEAN was and still remains principally an economic association for the growth in its influence both in region and beyond.

19. Assertion (A) ASEAN was develop to pose a military and economic threat to EU.

Reason (R) The objectives of ASEAN were primarily to accelerate economic growth and through that 'social and cultural development.'

Ans. (d) A is false as ASEAN was formed in 1967 by Indonesia, Malaysia, Philippines, Singapore and Thailand to accelerate economic growth and through that social and cultural development.

20. Assertion (A) China had considerable influence and control on the periphery of its borders based on its unique tributary system.

Reason (R) At different times in China's long history of dynastic rule, Mongolia, Korea, parts of Indo-China and Tibet accepted China's authority.

Ans. (a) Both A and R are true and R is the correct explanation of A. China was a great power in Asia before the advent of imperialism. Therefore, China had considerable influence and control on its borders. Mongolia, Korea were parts of Indo-China and Tibet accepted China's authority.

● Case Based MCQs

1. Read the given passage and answer the following questions.

ASEAN was and still remains principally an economic association. While the ASEAN region as a whole is a much smaller economy compared to the US, the EU and Japan, its economy is growing much faster than all these. This accounts for the growth in its influence both in the region and beyond. The objectives of the ASEAN Economic Community are to create a common market and production base

within ASEAN states and to aid social and economic development in the region. The Economic Community would also like to improve the existing ASEAN Dispute Settlement Mechanism to resolve economic disputes. ASEAN has focused on creating a Free Trade Area (FTA) for investment, labour and services. The US and China have already moved fast to negotiate FTAs with ASEAN.

(i) How many members are there in ASEAN?

- (a) 10
- (b) 12
- (c) 15
- (d) 18

Ans. (a) The Association of South-East Asian Nations or ASEAN, was established on 8th August, 1967 in Bangkok. Currently there are 10 members in the ASEAN.

(ii) What is the objective of the ASEAN?

- (a) To increase competition among the members countries for better products.
- (b) To integrate the economies of the region to make region more attractive for investors.
- (c) To promote economic cooperation in South-East Asia and ensure economic stability in the region.
- (d) Both (b) and (c)

Ans. (b) ASEAN nations want to promote economic cooperation in South-East Asia and ensure economic stability in the region and to integrate the economies of the region to make region more attractive for investors.

(iii) Grouping of countries committed to remove all barriers to the free flow of goods and services between themselves and also pursue independent external trade policies is called

- (a) Economic Union
- (b) Free Trade Area
- (c) Special Trade Zone
- (d) Common Trade Zone

Ans. (b) Free Trade Area

(iv) Which of the following is not an objective of ASEAN Economic Community?

- (a) To create common market and production base within ASEAN states to aid social and economic development in the region.
- (b) To improve the existing ASEAN Dispute Settlement Mechanism for resolving economic dispute.
- (c) To create a Free Trade Agreement for investment, labour and services.
- (d) To carry out the coordination of security and Foreign policy.

Ans. (d) To carry out the coordination of security and foreign policy.

(v) Which of the following country is not a member of ASEAN?

- (a) Philippines
- (b) Mauritius
- (c) Thailand
- (d) Singapore

Ans. (b) Mauritius is not a member of ASEAN. Members of ASEAN are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

PART 2

Subjective Questions

• Short Answer Type Questions

1. Mention any four common features of European Union. [Delhi 2008, All India 2008]

Ans. The features of EU are as follows

- (i) EU's share of world trade is much larger than that of US allowing it to be more assertive in trade disputes with US and China.
- (ii) It has evolved from economic union to political one. It has its own flag, anthem, founding date and currency.
- (iii) Its economic power gives it influence over its closest neighbours and on Asia and Africa. It also functions as an important bloc in international economic organisation such as WTO.
- (iv) EU has political, economic, diplomatic and military influence. GDP of EU is slightly larger than that of US.

2. The European Union has evolved over time from an economic union to more than nation state.

or Explain any four factors that make European Union an influential organisation.

or "European Union is a highly influential regional organisation". Justify the statement with any four suitable arguments. [CBSE 2020]

Ans. The European Union has evolved over time from an economic union to an increasingly political one and has started to act more as a nation state. Factors that make European Union an influential are given below

- (i) The EU has economic, political, diplomatic and military influence all over the world.
- (ii) The EU is the world's second biggest economy next to that of the US.
- (iii) It also functions as an important bloc in international economic organisations such as the world trade organisation. Two members of the EU, Britain and France, hold permanent seats on the UN security council.
- (iv) Militarily, the EU's combined armed forces are the second largest in the world.
- (v) In many areas, its member states have their own foreign relations and defence policies.
- (vi) EU has its own flag, anthem, founding date and common currency. The EU has tried to expand areas of cooperation while acquiring new members, especially from soviet block.

Thus, the given statement that European Union is a highly influential regional organisation is correct.

3. How did the Marshall Plan paved the way for the formation of OEEC (Organisation of European Economic Cooperation)?

Ans. In June 1947, the American Secretary of state George C Marshall announced the European Recovery Programme that offered financial assistance to 16 countries to Europe to rebuild their economics. It was done to revive the economics Europe with a view to open up prime markets.

The way for the formation of OEEC

Under the Marshall plan, the Organisation for European Economic Cooperation (OEEC) was established in 1948 to channel aid to the West European States. It became a forum where the Western European States began to cooperate on trade and economic issues. Though George C Marshall offered his plan to the East European Countries, their regions were incapable of taking any decision by themselves. The Soviet Union denounced the Marshall Plan as dollar imperialism and prevented the fund from flowing towards East Europe.

4. How can the Euro pose a danger to the US Dollar?

Ans. European Union has a great economic influence in the world market including the market of United States. Euro is the currency of EU, which pose a threat to the dominance of US Dollar because of the following reasons

- Share of EU in world trade is much larger than that of US and this is the reason why EU can be more assertive in trade disputes with US and China. Economic power of EU provides great influence over Asia, Africa and its close neighbours.
- Many countries have joined EU who are directly linked with US and carry Dollar as their currency. These countries can take economic programmes which are against interest of US.
- As the European Union functions as an important bloc in economic organisation, such as World Trade Organisation (WTO).

5. Name the pillars and the objectives of the ASEAN Community. [NCERT]

Ans. The three pillars of ASEAN Community are

- ASEAN Security Community
- ASEAN Economic Community
- ASEAN Socio-Cultural Community

Association of South-East Asian Nations (ASEAN) was created in 1967 with the following objectives

- (i) **Primary Objective** It was to increase economic growth, which will result in social progress and cultural development of the ASEAN. Thus, this objective was related to economic, cultural and social perspectives.
- (ii) **Secondary Objective** Under United Nation Charter, principles and rules of law have been stated. So, the secondary objective of ASEAN nations was to promote stability and regional peace based upon those rules and principles.

6. What do you mean by SAARC? Mention any of its objectives?

Ans. The South Asian Association of Regional Cooperation (SAARC) was created in 1985 as an expression of the region's collective decision to evolve a regional cooperative framework.

The objective of SAARC are as follows

- (i) To promote the welfare of the people of South Asia and to improve their quality of life.
- (ii) To promote and strengthen collective self reliance among the countries of South Asia.
- (iii) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potential.
- (iv) To strengthen cooperation with other developing countries.

7. Write a short note on BRICS highlighting its formation and objectives.

Ans. BRIC was founded in 2006 in Russia. BRIC turned into BRICS after the inclusion of South Africa in its first meeting in the year 2009. The key objectives of BRICS are primarily to cooperate and distribute mutual economic benefits among its members besides non-interference in the internal policies of each nation and mutual equality. The twelfth conference of BRICS was concluded in Russia in 2020. It was chaired by Russian President Vladimir Putin.

The objectives of BRICS are summarised as follows

- The BRICS seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for more sustainable, equitable and mutually beneficial development.
- BRICS takes into consideration for each member's growth, development and poverty objectives to ensure that relations are built on respective country's economic strength as well as to avoid competition where possible.
- To enhance and diversify trade and investment cooperation that support value addition among the BRICS countries.
- To enhance market access opportunities and facilitate market interlinkages.

8. What makes Russia a new centre of power or alternate centre of power?

Ans. The Russian Federation has been suggested as a potential candidate for resuming superpower status in the 21st century. Russia emerged as the strong successor of USSR. Some of the following aspects make Russia a new centre of power

- In terms of economic power, Russia is considered an 'energy superpower'. It has the world's largest proven natural gas reserves and is the largest exporter of natural gas and second largest producer of petroleum.

Russia has an abundance of oil, natural gas and precious metals, which make up a major share of Russia's exports.

- In terms of Military power, it is one of the world's largest military forces, making it the most powerful military in Europe. Russia was the sixth-largest nation in terms of military spends, at \$61.4 billion.
- In terms of political and diplomatic powers, Russia is also a permanent member of the UN Security Council, called P-5. Russia is a part of many supranational organisations including the Group of Eight (G8), The Council of Europe, the Organisation for Security and Co-operation in Europe (OSCE), the Commonwealth of Independent States (CIS), and BRICS. Being the largest nation in terms of territory it automatically becomes a largest producer of some crucial resources and has a say on its neighbouring nations.

9. How Israel has emerged as a powerful nation in the 21st century? Discuss.

Ans. Israel has emerged as one of the most powerful nations in the 21st century in terms of science and technology, defence and intelligence. It has reached to the new heights of global political standing by virtue of its strong defence powers, technological innovations, industrialisation and agricultural development. It is a small Jewish- Zionist nation which is placed in the contemporary global politics in general and the Arab-dominated West Asian Politics in particular. In terms of economy, Israel is well- developed free market economy that is technologically advanced. After the United States, it has the world's second-largest number of startup enterprises. Its exports include diamonds, high-tech equipments and pharmaceuticals. In terms of political and diplomatic power, Israel maintains full diplomatic relations and open borders with two of its Arab neighbours, Egypt and Jordan, after signing peace treaties in 1979 and 1994 respectively. Israel has been a member of the United Nations since 11th May, 1949. Israel also participates in other international organisations such as the International Atomic Energy Agency (IAEA) and the World Health Organisation (WHO).

10. How can we say that India is emerging as super-rational organisation? Examine.

Ans. The Republic of India is considered one of the emerging superpowers of the world. In 2015, India became the world's fastest growing economy with a 7.5% estimated GDP rate. The country must overcome many economic, social and political problems before it can be considered a superpower. Some of the following aspects can be considered that makes India a super-rational organisation

- In terms of economic power, it is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity. In 2019, India's ten largest trading partners were USA, China, UAE, Saudi Arabia, Hong Kong, Iraq, Singapore, Germany, South Korea and Switzerland. In 2018–19, the Foreign Direct Investment (FDI) in India was \$64.4 billion.

- In terms of military power, Indian army is the third largest army in the world. It has also the fourth-largest defence budget in the world. India is also well equipped with nuclear arsenal.
- In terms of political and diplomatic power, India shares extremely positive relations through economic and political agreements with several Western, European, Asian and South-East Asian countries. India has also played an important and influential role in other international organisations like East Asia Summit. India is part of some very important emerging centres of power like BRICS, G20, SAARC etc.

- 11.** What were the two major policy decisions taken by the Chinese leadership in the 1970s? [All India 2016]
 or Describe any four new economic policies of China to make it grow at a faster rate. [Delhi 2013]
 or Explain the new economic policies of China since 1978. [All India 2013]

Ans. China's economic success has been linked to its rise as a great power. The major policy decisions regarding new economic policies of China were

- (i) China ended its political and economic isolation with the establishments of relations with the United States in 1972.
- (ii) Four modernisations (agriculture, industry, science and technology and military) were proposed by the Premier Zhou Enlai in 1973.
- (iii) Deng Xiaoping declared the 'Open Door Policy' and rapid economic reforms in China. It was meant to generate higher productivity by investments of capital and technology from other countries.
- (iv) The privatisation of agriculture in 1982 was followed by the privatisation of industry in 1998.
- (v) The trade barriers were eliminated only in Special Economic Zones (SEZs) where foreign investors could set up enterprises.

- 12.** In spite of improvement in the Chinese economy, there have been negative consequences affecting the people of China. Mention any four such consequences. [Delhi 2016, All India 2016]
 or Highlight any four drawbacks in the changed Chinese economic system. [Delhi (C) 2008]

Ans. Even though the Chinese economy has improved dramatically, there have been negative consequences affecting the people of China. The four negative consequences or drawbacks in the changed Chinese economic system are

- (i) The benefits of the reforms have not been equally received. Approximately 100 million people are still unemployed.
- (ii) Female employment and conditions of work are as bad as in Europe of the 18th and 19th centuries.
- (iii) Corruption and environmental degradation have increased.

- (iv) There has been rise in economic inequality between rural and urban residents and coastal and inland provinces.

- 13.** Analyse the basis of projection of China to overtake the US as the world's largest economy by 2040. [Delhi 2009]

Ans. China is viewed to dominate US by the year 2040. The basis of the projection are

- China is considered as the driver of East-Asian growth because of the economic integration into regions. China is considered to be very powerful and factors such as population, landmass, resources, regional location and political influence adds to its strength.
- China announced 'Open Door Policy' in 1978 which aimed at generation of high productivity by investments in capital and technology from abroad. In economic sector, various steps were taken to encourage investment by Western entrepreneurs for modernisation of industry, science and technology, agriculture and military. In 1980, China became the member of World Bank and International Monetary Fund.
- Privatisation of agriculture and industry helped in growing economy rapidly.
- Foreign trade grew with the creation of SEZs and new trading laws. This resulted in high foreign exchange reserves. In this way, China became most significant for FDI.
- The above points show China's ability to overtake US as world's largest economy by 2040.

- 14.** How does geographical proximity influence the formation of regional organisations?

Ans. The geographical proximity influences the formation of regional organisations in the following ways

- It affects the parameters of security of all countries in particular regions by similar forces. Thus, the organisations are created mainly for security reasons.
- It promotes rise in same socio-cultural problems that leads to the formation of treaties between the countries like the formation of ASEAN.
- The economic issues also affects the merger of countries so that they can handle the economic problems of the respective regions by coalition of interests through an organisation like the European Union.

- 15.** 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. Yes, we agree with the statement that both India and China have great potential to challenge the unipolar world on the following grounds:

- The New Economic policies of India and China have broken their economies from stagnation.

- In China, the creation of Special Economic Zones led to a phenomenal rise in the Foreign Trade. On the other hand, India is being seen as an important emerging global power in the 21st century from a strategic perspective as it is self-sufficient with indigenous nuclear technology.
- Both the countries are important destination for Foreign Direct Investments.
- At the global level also both India and China has adopted similar policies in WTO to deepen their integration with the world economy as a challenge to a unipolar world.

• Long Answer Type Questions

1. What makes European Union a highly influential regional organisation? [NCERT]

Ans. European Union is a highly influential organisation due to the following reasons

Economic Influence of EU

- EU is the world's second biggest economy with a GDP of more than \$17 trillion in 2016, next to the United States of America.
- Its currency Euro can pose a threat to the dominance of US dollar. EU's share of world trade is much larger than that of US.
- It has an economic influence over its closest neighbours as well as in Asia and Africa.

Political and Diplomatic Influence of EU

- The EU also has political and diplomatic influence as two members of EU i.e. Britain and France, hold permanent seats in the UN Security Council with several non-permanent members.
- The EU is enabled to influence some US policies such as the current US position on Iran's Nuclear Programme.
- Its diplomacy, economic investment and negotiations have been effective as in the case of its dialogue with China on human rights and environmental degradation.

Military Influence of EU

- EU's combined armed forces are the second largest in the world and also come second after the total spending's of US in defence.
- Britain and France as EU members also possess nuclear arsenal of 550 nuclear warheads. It is also the world's second most important source of space and communication technology.
- EU is able to intervene in economic, political and social areas. But in many areas member states have their own foreign and defence policy that are often at odds with each other.

2. How did the European countries resolve their post-Second World War problem? Briefly outline the attempts that led to the formation of the European Union. [NCERT]

Ans. After the Second World War, the European states confronted the ruin of their economies along with the destruction of assumptions and structure on which Europe had been founded. European countries resolved their Post Second World War problems in the following manner

- Under the Marshall Plan, the USA provided financial help to revive European economy.
- The US also created a new collective security structure under NATO.
- Under the Marshall Plan, the organisation for European Economic Cooperation was established in 1948 to extend cooperation on trade and economic issues among the Western European states.
- European Union was founded in 1993 for a common foreign security policy, cooperation on justice and home affairs and creation of a single currency.

The attempts led to the formation of European Union are as follows

- The Council of Europe was established in 1949 for political cooperation.
- The process of economic integration of European Capitalist countries led to the formation of European Economic Community in 1957.
- The collapse of Soviet Union put Europe on a fast track and resulted in the formation of European Union in 1992.

3. List the factors that limit the ability of the EU to act in matters of foreign relations and defence. What role has been played by European Union in solving the problems of the European countries?

Ans. European Union is a super national organisation but in many areas its member states have their own foreign relations and defence policies that are often at odds with each other. Factors that limit the ability of the EU to act in matters of foreign relations and defence are discussed below

- British Prime Minister Tony Blair supported the US led Iraq invasion and many new members made US led 'coalition of willing' whereas while Germany and France opposed American policy.
- There is also a 'Euro-Skepticism' in some parts of Europe about the EU's integrationist agenda. Thus for example, Britain's former Prime Minister, Margaret Thatcher kept the UK out of European Market.
- Denmark and Sweden have resisted in Maastricht Treaty and the adoption of Euro, the common European currency.

Role played by European Union in solving the problems of European Countries are discussed below

- The EU functions as an important bloc in international organisation as World Trade Organisation to intervene in economic areas.

- The EU has expanded areas of cooperation while acquiring new members especially from Soviet bloc.
- The EU has an influential role in the UN policies because its two members Britain and France hold permanent seats in the UN Security Council.
- The EU is influential in the areas of diplomacy, economic investments and negotiation.

4. What are the major difference between the SAARC and the European Union as alternative centres of power? **All India 2011**

Ans. The difference between the SAARC and the European Union are as follows

SAARC	European Union
It was established with a view to evolve cooperation through multi-lateral means.	It was established by NATO to devise a plan in order to enable its 16 member nations in Europe to revive their economy which shattered in Second World War. It was observed as support to capitalism against communism/socialism.
There is no common institution to guide SAARC.	European Union is guided by common institutions such as European Commission, European Parliament, European Court to Justice, etc.
It shows reluctant attitude to sacrifice nation sovereignty.	It shows attitude of sacrificing national sovereignty for greater and united Europe.
SAARC nations prefer technology adoption rather than innovation. USA and China have undue interference in internal affairs of SAARC, as they provide technology to these nations.	European Union nations are driving for invention and innovation. This resists interference of technological advanced nations such as USA and China.
The nature of economy in SAARC is agriculture and manufacturing sector.	The nature of economy in European Union is knowledge based service sector.
A few member countries (e.g. Pakistan), due to their self-centred approach understand SAARC's efforts only favourable to India as it may invade their markets and influence their societies.	Its member countries have their own foreign relations and defence policies that are often adds with each other, e.g. Britain's Prime Minister was America's partner in Iraq invasion, whereas Germany and France opposed American policy.

5. What makes India an emerging power or a new centre of power? Discuss in detail.

Ans. India is considered one of the emerging superpowers of the world. In 2015, India became the world's fastest growing economy with a 7.5% estimated GDP rate. The country must overcome many economic, social and political problems before it can be considered a superpower. India has become the third largest economy in Asia to keep its high rate of growth.

Some of the essential aspects based on which India can be considered as the major emerging powers are discussed below

India as an Economic Power

- It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity.
- In 2019, India's ten largest trading partners were USA, China, UAE, Saudi Arabia, Hong Kong, Iraq, Singapore, Germany, South Korea and Switzerland.
- India ranks second globally in food and agricultural production.
- The Indian IT industry is a major exporter of IT services with \$180 billion in revenue and employs over four million people.
- It is the world's tenth-largest oil producer and the third-largest oil consumer. The Indian automobile industry is the world's fourth largest by production.

India as Military Power

- Indian army is the third largest army in the world.
- It has also the fourth-largest defence budget in the world.
- India is also well equipped with nuclear arsenal. It has recently purchased modern weapons and arms from USA.

India as Political and Diplomatic Power

- India shares extremely positive relations through economic and political agreements with several Western, European, Asian and South -East Asian countries.
- India has also played an important and influential role in other international organisations like East Asia Summit.
- India could almost become sixth permanent member of UNSC but the decision was vetoed by China.
- India is part of some very important emerging centres of power like BRICS, G20, SAARC etc.

6. Explain the factors responsible for the rise of the Chinese economy. **[Delhi 2009]**

Ans. China is the third major alternative centre of power. It is the fastest growing economy. China at one time was based on Soviet model and at that time, it broke all the links with capitalist world. Following are the factors responsible for rise of Chinese economy

Use of Soviet Model China accepted the Soviet model and relied on its resources. China decided to substitute imports by domestic goods and create state owned heavy industries from capital produced by agriculture.

Development of Industrial Economy China used all its resources to develop an industrial economy. All citizens were provided education and health programmes.

Relationship With USA China established relation with USA in 1972. The integration of China's economy and the inter-dependencies that it has created has enabled China to have considerable influence with its trade partners like USA.

Modernisation Modernisation in field of agriculture, industry, military, science and technology were proposed. This policy helped the Chinese Economy to break stagnation.

Major Policies Announced Open Door Policy was announced by Deng Xiaoping in 1978, which aimed at generation of high productivity by investments in capital and technology from abroad.

Era of Privatisation Privatisation of agriculture in 1982 and privatisation of industry in 1998 was done. Privatisation led to remarkable rise in agricultural production and rural incomes. High personal saving in the rural economy lead to an exponential growth in rural industry. Both industry and agriculture grew at a faster rate.

Establishment of SEZ's Special Economic Zones were set up. State had a centralised role in setting up of China's economy. China became the most important destination for Foreign Direct Investment (FDI) anywhere in the world. It led to large foreign reserves that now allow it to make big investment in other countries.

• Case Based Questions

1. Read the following passage carefully and answer the questions that follow.

ASEAN was and still remains principally an economic association. While the ASEAN region as a whole is a much smaller economy compared to the US, the EU, and Japan, its economy is growing much faster than all these. This accounts for the growth in its influence both in the region and beyond. The objectives of the ASEAN Economic Community are to create a common market and production base within ASEAN states and to aid social and economic development in the region. The Economic Community would also like to improve the existing ASEAN Dispute Settlement Mechanism to resolve economic disputes. ASEAN has focused on creating a Free Trade Area (FTA) for investment, labour and services. The US and China have already moved fast to negotiate FTAs with ASEAN.

- (i) What is the objective of ASEAN Economic Community?
- (ii) Why did ASEAN establish Free Trade Agreements?
- (iii) How would ASEAN Economic Community resolve economic dispute?

- Ans.**
- (i) The objective of ASEAN Economic Community is to create common market and production based activities within ASEAN state itself and to aid social and economic development.
 - (ii) ASEAN established FTAs for investment purposes and for labour services. FTA is an agreement between two or more countries where countries agree on certain obligations that affect trade in goods and services.
 - (iii) ASEAN Economic Community would resolve economic dispute by improving the existing ASEAN dispute settlement mechanism.

2. Read the following passage carefully and answer the questions that follow.

America extended massive financial help for reviving Europe's economy under what was called the 'Marshall Plan'. The US also created a new collective security structure under NATO. Under the Marshall Plan, the organisation for European Economic Cooperation (OEEC) was established in 1948 to channel aid to the West European States. It became a forum where the Western European States began to cooperate on trade and economic issues. The Council of Europe, established in 1949, was another step forward in political cooperation. The process of economic integration of European capitalist countries proceeded step by step leading to the formation of the European Economic Community (EEC) in 1957.

- (i) What was Marshall Plan?
- (ii) The US created a new collective security structure under which organisation?
- (iii) Which organisation became a forum where the Western European states began to cooperate on trade and economic issues?

- Ans.**
- (i) A plan introduced by USA to provide financial help for the revival of European Economy. It was enacted in 1948 and provided more than \$ 1.5 billion to help finance rebuilding efforts on the continent.
 - (ii) The US created a new collective security structure under NATO. NATO was created in 1949 that put the Western European nations under the nuclear umbrella of the US.
 - (iii) Organisation for European Military Cooperation became a forum where the Western European states began to cooperate on trade and economic issues.

3. Observe the picture given below and answer the following questions.



- (i) In which year the bipolar structure of world politics ended? What became clear for America's dominance? Which two associations of nations emerged in Europe and Asia?
- (ii) What is indicated by the first picture?
- (iii) What is being indicated by the second picture?

Ans. (i) It was the year of 1990 in which bipolar structure of world politics ended.

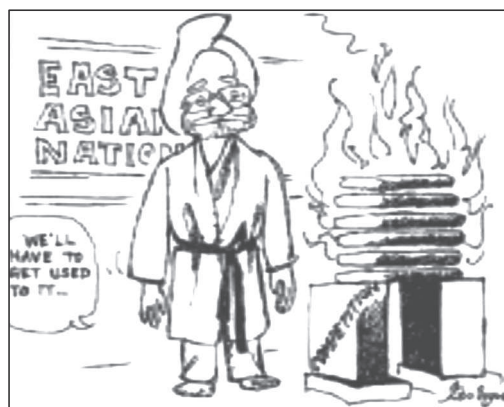
It became clear that alternative centres of political and economic power could unite America's dominance.

Thus, in Europe, the European Union (EU) and in Asia, the Association of South-East Nations (ASEAN) have emerged as forces to reckon with.

- (ii) The first picture here represents the beginning of the history of Red China (or Communist China). "The Socialist Road is the Broadest of All" represents the ideology that guided China during its early phase after the revolution took place in China in 1949. It tells that China's economy will become the largest economy of the world by 2040 because it prepared Soviet model of economy and always keeps capitalist ideas submissive to the same.

- (iii) The second picture is that of the city of Shanghai. This new and beautiful city is the symbol of China's new economic power.

4. Study the picture given below carefully and answer the following questions.



- (i) The given image refers to which policy of India since 1991?
- (ii) Explain the significance of this policy as shown in the image above.
- (iii) Evaluate India's role in ASEAN.

Ans. (i) The given image refers to the New Economic Policy of 1991.

- (ii) The policy is related to economic liberalisation in India. This policy brought various changes to bring economic reforms such as expand in the private and foreign investment but it also resulted in reduction in import tariffs, deregulation of markets, etc.

This on one hand makes on economy market oriented but at the same time increase competition for domestic producers. But once the policy is adopted, India has to stay on the path and bear the costs of economic liberalisation and economic growth.

- (iii) Association of South-East Asian Nation (ASEAN) was formed in 1967. India is a member of ASEAN, East Asia Summit has been pushing for the growth of trade relations. It is increasing its significance as a trading and investment partner to Thailand, Myanmar and Singapore.

India is looking forward to creating an area for free trade, investment, provision of labour and services.

India respects the national sovereignty of every country and believes in regional development. India has signed FTAs with two ASEAN members Singapore and Thailand.

Chapter Test

Objective Type Questions

1. For what purpose the Council of Europe has established?
(a) Economic integration (b) Security
(c) Political cooperation (d) Trade development
2. In the European flag circle of stars stands for
(a) silver, harmony and peace (b) bronze, solidarity and cooperation
(c) gold, solidarity and harmony (d) copper, peace and solidarity
3. Arrange the following in correct sequence.
1. ASEAN Regional Forum 2. Unification of Germany
3. Introduction of Euro Currency 4. European Union
Codes
(a) 1, 2, 4 and 3 (b) 2, 4, 1 and 3
(c) 1, 4, 2 and 3 (d) 4, 3, 2 and 1
4. Consider the following statement(s) with regard to ASEAN community. Mark the correct option(s).
(a) The ASEAN community has established three pillars.
(b) It aims to uphold the regional or cultural sovereignty of the people.
(c) It was established in 2004.
(d) (a) and (b)
5. The headquarters of SAARC is located in
(a) India (b) Maldives
(c) Nepal (d) Bhutan

Short Answer Type Questions

1. What are the factors responsible for the rule of Chinese economy?
2. What do you know about 'Bangkok Declaration'?
3. How has been European Union able to influence the world?
4. State the components of ASEAN Vision 2020.
5. Mention some of the steps taken by China to improve its economy.
6. When was the ASEAN regional forum established? What were its main objectives?
7. What are the drawbacks in the changed Chinese economic system?

Long Answer Type Questions

1. Discuss the role of European Union as a supernational organisation.
2. Define ASEAN. What steps should be taken to strengthen it?
3. Elucidate the pillars of ASEAN. What are the objectives of ASEAN community?
4. Mention the significance of SAARC. What are limitations of SAARC as a forum for facilitating economic cooperation among South Asia countries.
5. How did the European countries resolve their post - Second World War problem? Briefly outline the attempts that led to the formation of the European Union.

Answers

1. (a) 2. (c) 3. (b) 4. (d) 5. (c)