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THE NEW WORLD

End of an Era

In the preceding chapter we dealt with the course of events in the post World War II period.

This chapter deals with series of economic crises that brewed up during the middle of 1980s in the Soviet Union and in the Eastern European countries of the socialist bloc and the rejection of the socialist order.

Let us have a look at the factors that were unfavourable to the economic system of the Soviet Union.

- In the Soviet Union, electronics industry and the new technology did not keep the pace of their growth in Western Europe, USA and Japan
- Instead of overcoming the scarcity of consumer goods, the Soviet Union preoccupied itself with heavy industries and production of armaments.
- In the matter of standard of living the Soviet Union could not catch up with other developed countries.
- Instead of quality improvement the Soviet Union concentrated on quantity improvement.
- The soviet government did not give due importance to civic rights.
- Deep-rooted corruption in the government circles shattered the people's faith in the socialist order. These were some of the circumstances that led to the fall of the USSR.

In order to overcome the crisis in the country, President Gorbachev formulated certain new programmes in 1987. 'Glasnost' was such a programme aiming at changes in all spheres. With the objective of gradually lessening government control and centralised planning in the field of production and promoting market economy, another programme was formulated. This was known as Perestroika or restructuring. But, even these new reforms failed to conserve the socialist economy. What was the result?

Under these circumstances the Warsaw Pact which provided a common platform for the socialist countries lost its significance and died a natural death. With this the so called cold war came to an end.

Find out the global developments after the end of the cold war.

- It marked the beginning of the hegemony of the United States of America.
- It gave birth to a unipolar world.
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Exultations on the fall of the Berlin Wall

The first socialist government in the world disintegrated. Internal problems cropped up. This naturally led to the fall of the Soviet Union. This marks the end of an era in world history.

It was in these circumstances that most of the socialist countries of Eastern Europe gave up socialism. East Germany abandoned socialism and merged with west Germany.

- * *Did the fall of the Soviet Union cause any great impact in the world? Prepare a note on your findings. Do not forget to collect information and pictures for 'Our Times'*

We have seen how the imperialist countries established colonies in Afro-Asian countries

exploiting the resource of those countries and by grabbing their sovereign power.

This process of colonisation that began in the 18th century continued till the end of the second world war. What were the changes that had taken place in colonies after the second world war? How did these changes affect the imperialist countries.?

The new strategies of imperialism

The changes that occurred in the economic condition of the imperialist countries with the birth of independent states are noteworthy. Opportunities for exploitation were fewer. They started searching for new tactics to overcome this crisis. They made active attempts at making big profits through the application of advanced scientific and technological methods and increasing production.

We have discussed the role of tools in the evolution of man. The utilisation of nuclear energy for enhancing industrial production gave strength to entrepreneurs. What are the factors that facilitate for the great leap in the scientific and technological field after the Second World War?

With the colonies gaining independence, the imperialist countries didn't get enough chances for exploitation. They had to tide over this situation. For this they had to manufacture new and better products. They modernised their tools of production and tried to find new markets for their products. Unlike earlier times they could not directly exploit the colonies. This made the imperialist countries conscious of the need for radical changes in all spheres of operation.

Newer and newest

Let us consider modernisation in the field of science and technology.

- In the place of a large labour force operating machines, we find machines that can be operated by a small number of workers.
- Side by side with hydro-electric projects, nuclear projects and solar power projects also became common.
- Space shuttles were launched with the objective of tracking natural resources and predicting climate.
- Computer network was established to control and co-ordinate the working of these systems.
- Biotechnology was made use of in the agrarian sector.
- The press and audio visual media were used for the enhancement of market.
- Instead of the old system of the producer supplying the product to the consumer, a new service sector consisting of businessmen and distributors evolved.

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What were the benefits of the new technology and tools of production to the capitalist?

- Cost of production came down
- More could be produced in lesser time.
- Profit increased.

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In search of new markets

Another feature of this period was the stiff competition for markets among those imperialist countries who have achieved higher rate of

production in the agricultural and industrial sectors through modernisation of technical skill. This resulted in the loss of markets to some countries. Those who lost markets designed new strategies to make up for the loss. The newly independent countries that did not have enough capital were offered financial assistance from such institutions as IMF, World Bank etc.

The IMF and the World Bank

The IMF and the World Bank are two international financial institutions that were formed after the the Second World War for economic security and reconstruction. The IMF stands for exchange rate and short term loans for ensuring payment of arrears. The World Bank was constituted for extending long term financial assistance to developing countries.

International trade agreements are also introduced with a view to control the loanee nations. The General Agreement on Tariff and Trade (GATT) was the international agreement formulated for internal trade.

With the inflow of new commodities and service to the market the World Trade Organisation was formed. This is a permanent establishment

A Constitution for the Markets

The WTO plays an important role in the administrative set up which is essential for the execution of globalisation programme. About the objectives of this organisation, Renete Rougerio the former Director of WTO comments “We are not formulating laws on the relations among different national economics. We are preparing

a constitution for a world economic system. Here we do not refer to any people, nation or government. They have no place in this. Only markets and multinational corporations find their place here. We are carrying out this through various agreements. The governments. have an obligation to carryout the (execute) laws of WTO”.

Collect news related to the WTO. Based on that news prepare a short note.

The countries that availed loans from international financial institutions and signed trade agreements were forced to comply with rigorous conditions. In fact, the projects aimed at assisting the economic system of countries, plunge them in to new crises.

How does this happen? Let us take the agrarian sector as an example. By signing the agreements with WTO, developing countries are forced to withdraw the subsidies granted in the agrarian sector. Indirectly this will help the multinational corporations. At the same time, the direct and indirect subsidies are granted in the agrarian sector in developed countries. This is disadvantageous to the farmers in the developing countries. To maintain a free market, agricultural produces are imported on a large scale from other countries. This will lead to a fall of price for indigenous goods.

Export will stop completely. Produces unsold, the farmer would not get back the money spent on production. This will put the farmers and those who depend on them in distress. Unemployment and drop in income would follow. This would upset the balance of the society as a whole. These social problems would endanger even the very existence of the nation.

As in the case of the agrarian sector, other sectors also will be engulfed in crises. You can collect information about the WTO from periodicals. How will the membership in the WTO affect our country? Note down your inferences.

A World without boundaries

In an earlier chapter we saw that with the export of capital a new phase began in the scope of production. We have reached a stage of free global expansion of capital and of products including services. This is known as globalisation.

It was the advance in service and technology that improved the mutual relations of countries. Control over science and technology enabled nations to control the world. This helped the capitalist countries to open new avenues of exploitation

The main features of globalisation are liberalisation, commercialisation and free marketing. In a way these are devices to exercise control over markets. This will lead to a condition in which nations and companies will produce and sell commodities and services anywhere in the world at their will.

This prepares the ground for lifting all checks and controls and making the world a global village. The background for this is prepared by big multinational companies. How do these multinationals prepare the ground for markets? Let us have a look.

- ⊙ They capture complete control over the indigenous markets of developing countries
- ⊙ They promote consumer culture.
- ⊙ They turn cultures and ideologies to their advantage.

- ⊙ They establish production units in regions where they get cheap labour and natural resources and where they can sell their products on a massive scale.

Note some other characteristic features of this:

- ⊙ The whole world is conceived as a single market.
- ⊙ Capital dominates the world
- ⊙ New global agreements.
- ⊙ Internationalisation of production and aptitudes.
- ⊙ Monopoly of communication systems develop

Does globalisation have any impact?

Globalisation formulates rules and regulations that can totally upset the economies of developing countries. Indigenous products lose their demand and they pile up unsold. Their production and export will come to a grinding halt. The fall in production, employment and export will cause a severe blow to the economy.

Let us take an example. Suppose an Indian cycle costs Rs.1500/- in the market and an imported cycle costs only less than Rs.1000/-. Naturally there will be good demand for the imported cycles. In terms of money the consumer is benefitted. But hasn't it got another side? Discuss how this affects the production of cycles in India.

We know that as a result of globalisation a large number and variety of new products are flooding the markets. Most of them cost less than their indigenous counterparts.

Globalisation offers a variety of opportunities to countries the world over for economic development and progress. What are they?

- ⊙ Increase in production and export
- ⊙ Availability of plenty of commodities in the markets
- ⊙ Rise in products causes fall in prices.
- ⊙ Products from any part of the world are available in the market.
- ⊙ International financial institutions provide capital to developing countries.
- ⊙ Technology and technocrats reach the whole world.
- ⊙ Offer opportunities for the development and export for human resources.
- * *Conduct a discussion on multinational companies in the class. Note down your inferences.*

What can be included?

- Important multinational companies
- Their activities
- Market competition and indigenous products.
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Pollution of air and water

We have seen that in the new world order the imperialist countries exercise their hegemony over markets through multinational companies. In a global market which is fully open for commerce and industry they can carry out production and distribution unchecked. This causes excessive exploitation of natural

resources. This is happening in a way which will endanger the whole humanity.

Today there is great call for banning development projects and industries which may endanger the ecological balance, that cause air and water pollution. In the forefront of this movement there are environment organisations and ecopolitics which are gathering strength in the USA and Europe. This, also exposes the hollowness of the development model which was upheld by the developed countries as the foundation for all economic progress in the post war period.

What prompted the people of the developed countries to think of environmental protection activities?

- ⊙ The misuse of the freedom and over-exploitation of the resources by industries.
- ⊙ Industrialisation totally neglecting the environment and non observance of laws of environmental protection by industries.
- ⊙ Formulation of development projects, without considering the bond between water, air and life.
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The governments of developed countries could not ignore the popular protests against over exploitation of natural resources. Such governments and the multinational companies discovered an easy solutions for this. This solution was favourable for the environmental interests of the developed countries. The remedy was to transplant those anti-environmental projects and industries from their countries to the third world countries.

International laws and agreements were formulated to ensure the success of this plan. The interest of the developed countries could be carried out without much delay in the third world countries where there was general economic backwardness and unemployment. How were the interests of the rich countries and multinational companies fulfilled in the third world countries?

- The multinationals started industries causing environmental pollution. Using the advertisement media they promoted a consumerist culture.
- They took steps to keep (maintain) the governments and non governmental establishments on their side.
- They popularised products more attractive and cheap than native products.

What could be the impact of these activities of the multinationals on the economies of third world countries? The indigenous products gradually lost their market. This led to stagnation of production. Industrial units were forced to close down. Workers were thrown out of job. What are the other social problems emanating from this? Discuss.

Does the globalisation process have any connection with the environment? We have seen that globalisation leads to an exploitation of resources on a global scale, expansion of trade and expansion of markets. Globalisation makes us conscious of the fact that more trade means more production and more production means more environmental destruction. How does environmental destruction affect us? Let's us examine how environmental destruction affect us:

- Loss of quality of soil.
- Depletion of biodiversity

- Atmospheric pollution
- Deforestation
- Massive exploitation of resources.
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Who are responsible for these environmental problems. What are the repercussions of this? Find out and note down.

Bolivia - A lesson

Bolivia privatised the distribution of drinking water to oblige the world bank. The distribution of drinking water was entrusted to a multinational company. The company charged three times tax charged by the municipality earlier and thus water became costlier than food. The lesser income groups had to spend more than half of the total income for drinking water. Even collection of rain water was declared illegal. The people protested. Following the agitation the foreign company was sacked. This protest of the people of the city of Kochabanba in Bolivia is a reassuring example of popular resistance.

What suggestions do you have for providing such natural resources as water and air to all and also to protect them from pollution? Prepare a pamphlet explaining the necessity of protecting these. Add to your 'Our Times' collecting more news and pictures of environment.

A New World is Possible

Collective opposition is organised in different parts of the world against the crises precipitated by globalisation. All over the world, protests have been launched against the unilateral concern of the World Bank, IMF and the WTO. Of these the most noted one is the World Social Forum which is a movement of solidarity of the people of the developed as well as of the poor countries. This caught the world attention

through a Convention held at Puerto Alegre in Brazil in 2001. For what did they meet there? Let us a look.

- Against poverty and inequality
- Against destruction of environment.
- Against apartheid, male dominance and gender discrimination.
- Against the decline of democracy
- Against the accumulation of wealth
- Against war

Multinational companies and the governments of rich countries that supported them carry out a variety of development activities. The World Social Forum reminds us that the activities conducted by these companies utilising science and technology and capital will ruin the whole human race.

This earth belongs to the present generation and to the posterity. All of us are duty bound to protect our common heritage of the soil, water, forest, seeds, food, culture etc. The bio diversity of the earth is to be preserved. Human beings must get a continuous supply of wholesome food which are not subjected to genetic manipulations. Patenting of living beings and life forms should be resisted.

- * *Won't you collect more information about the World Social Forum from the current periodicals?*

To the wrongs to the rights

The people of developing countries have

started to take a firm and united stand against globalisation. The 'European Forum' which was formed in Florence in 2002 testifies to this.

The Anti-globalisation forces of Asia have formed Asian Social forum'.

What could be the reason behind the formation of such resistance movements?

Joseph Stiglits who won the Nobel prize for Economics in 2001 expresses the opinion that globalisation is not favourable (not beneficial) to the poor sections of world population, the preservation of the environment and the world economic structure.

We have discussed the history of how the imperialist countries dominated the world for centuries by looting the resources of other countries and the liberties of their peoples. We have also seen that the anti imperialist and the anti Fascist struggles have dimmed their prospects. Today we witness the results of the unholy the nexus of capital and market for large scale exploitation and global supremacy.

- * *Evaluate the new global scenario and prepare an essay. What points are to be included?*

- Merits and demerits of globalisation
- People's resistance.

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Collect more information for enriching Our Times.

Summary

- The fall of the Soviet Union which used to lead one power bloc, caused a set back to world countries.
- Imperialism formulated new tactics for capturing world market.
- In the new world order developing countries face a variety of problems.
- With the world becoming a global village, indigenous products in the markets of developing countries suffer a set back.
- With the emergence of the new world order attempt is being made to face the world wide crisis and problems, through the unity of the peoples of all over the world?

Questions

- Evaluate how the disintegration of the Soviet Union affected the world countries.
- Examine the relations between the environmental problems of the developing countries and the new world order.
- Does the economy of developing countries face any crisis? In the new global order what are your findings ?
- People believe that a new world is possible. What makes them think so?
- What are the scientific and technological developments taking place in the field of production?
- How do the multinational companies prepare the background for markets?

