

Chapter 2

Contemporary Centres of power.

After end of bipolar structure of world politics.

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

In Europe - European union
In Asia - ASEAN

European Union (Timeline)

After WWII, during Cold War America aided Europe's economy under

Marshall Plan.

Also created Organisation for European Economic Cooperation [OEEC] in 1948.

↳ for trade and economic issues

→ Council of Europe [1949].
Economic integration led to

→ Sign the Treaties of Rome, establishing the European Economic Community 1957

→ Schengen area :- world's largest border free travel area among EEC members

→ Collapse of Soviet bloc and establishment of last tracked European Union in 1992

Common foreign and security policy, home affairs and creation of a single currency [Euro].

↓
Treaty of Maastricht

France permanent UN SC [seat]
GDP of EU → \$19.35 trillion (2024)

↓
EU has economic, political, diplomatic and military influence.

• EU has world's second largest armed forces after U.S.A.

• Second most source of space and communication technology.

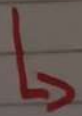
Association of South East Asian Nation
[ASEAN]



Est → 1967

Founding Members →

Indonesia, Malaysia, Philippines, Singapore and Thailand.



Under Bangkok Declaration.

Objective: Primary

↳ accelerate economic growth, and through it social progress and cultural development.

• Secondary

↳ Promote regional peace.

It broadened its objective in 2003, establish an ASEAN Community

Three pillars.

ASEAN Security Community

ASEAN Economic Community

ASEAN Socio-cultural community

Fact: ASEAN Logo has ten stalks of paddy (10 members) and circle symbolises unity.

to create a common market and production base within ASEAN states.

→ ASEAN Regional Forum [ARF] established 1994 is the organisation that carries out coordination of security and foreign policy.

→ ASEAN - India FTA → 2010

Rise of Chinese Economy.

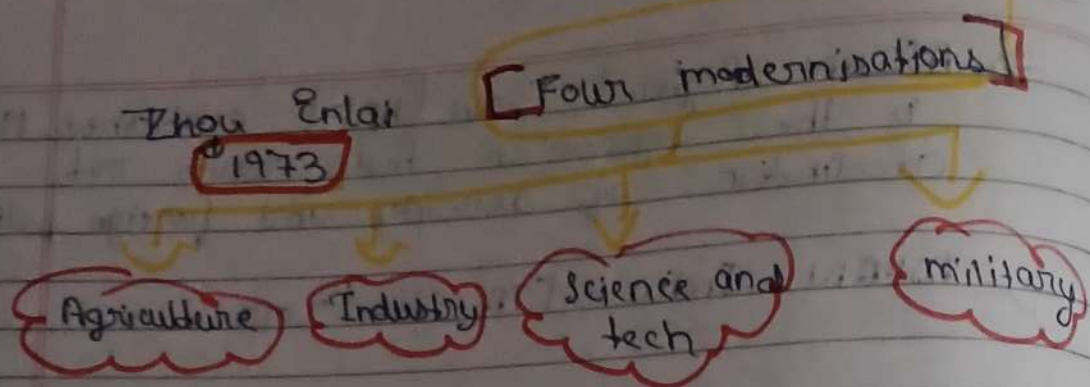
↳ Third major alternative centre of power.
• After Inception of People's Republic of China in 1949.

↳ Economy was based on Soviet Union model under Communist government

↳ Later economically backward China decided to substitute imports by domestic goods

↳ Employment and social welfare was assured to all citizens

↳ But its industrial production was not growing fast enough, international trade was minimal and per capita income was very low.



1978 - Deng Xiaoping
↓
'open door' policy

↳ aim was to generate higher productivity by investments of capital and technology from abroad.

- China did not go for 'Shock therapy' but opened their economy step by step.

Privatisation of agri - 1982

Privatisation of industry 1998

↳ Trade barriers were eliminated only in Special Economic Zones [SEZs]

- While Chinese economy has improved dramatically, not everyone in China has received the benefits of the reforms, result unemployment, environmental degradation and corruption and rise in economic inequality.

India - China Relations

① Historical Background

- They both were among the great civilisation of Asia.
- China's influence → Mongolia, Tibet, Korea
- India's influence → trade, religion, culture

② After independence

- ↳ India's independence - 1947
- China became People's Republic of China [1949]
- "Hindi - Chini Bhai - Bhai" symbolised friendship.

③ Causes of Deterioration in relations

- i) Tibet issue (1950)
- ii) Border Dispute (1962)
 - Aksai Chin [Ladakh]
 - Arunachal Pradesh
- iii) 1962 India - China War.

④ Improvement in Relations

- ↳ China's policy became more pragmatic and less ideological.
- Formal border talks in 1987

⑤ Rajiv Gandhi's visit [1988]

- Outcomes
- ↳ Relations improved significantly

- Arguments on
 - cultural exchanges
 - Science and technology

- Four border trading posts were opened.

Trade growth
 • 1992 - \$ 338 million
 • 2017 - \$ 84 Billion

→ 30% per year
 after 1999, increased

Chapter question answer

Q. What are the objectives of establishing regional organisations?

→ Objectives of establishing regional organisations are

(i) Promote Economic cooperation

- Increase trade and investment among member countries
- Reduce trade barriers.

(ii) Maintain Peace and Security

- Strengthen regional stability
- Prevent conflict.

(iii) Strengthen Regional integration by facilitating free movements of goods, service, investment and among people.