



Civics and Economics in World History

Martin Luther



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Civics and Economics in World History





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WORLD HISTORY 2–41**

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Chapter 1

What Is Government?

The Big Question

How do different forms of government function?



Purposes of Government

Through history, governments have had many roles and responsibilities. Today, if you ask people who live around the world, “What is the purpose of government?” you will probably get different responses. In many places, governments oversee defense and safety, establish rules, provide services, and manage taxes. However, what works in one country might not work in another. In some countries, the government is led by elected officials who represent the people. But not all governments are structured like that. Some governments are formed differently, hold more power than others, and provide different services.



Education is one of the services that government provides.



Governments can have a lot of influence on people's lives. Some governments decide how much people should pay in taxes and what students learn in school. Governments do everything from building highways to making laws and even declaring war. Some governments provide healthcare or education free to all citizens, while others do not.

Although each form of government and the way it governs are different, all have certain common traits. First, governments organize society by making and upholding laws. In **authoritarian** countries, one person, often called a dictator, can declare what is or isn't a law. In democratic societies, elected representatives are responsible for enacting and enforcing laws.

Vocabulary

authoritarian, adj. relating to a political system in which the state has complete control over the lives of individuals

Governments also establish order. Authoritarian countries often use force and intimidation to control their people. Democratic countries allow citizens to protest. To maintain law and order,

governments have police and justice systems. Governments also work to protect citizens from outside threats through a combination of diplomacy and military actions.

Governments have a responsibility to protect the general welfare, or health and happiness, of their people. They do this through laws, regulations, judicial decisions, and other measures. Democratic governments also promote welfare by protecting the rights of their citizens. In the United States, the Constitution's Bill of Rights guarantees each individual certain liberties, including freedom of speech and of assembly. No one, not even the government, can infringe on these rights.

Find Out the Facts



Find the text of the United States Constitution. What freedoms does the Bill of Rights guarantee to people?

While systems of government differ across time and from country to country, they all establish and maintain order, supply public services, promote safety, and provide leadership. No two governments look or function exactly alike. Now, let's examine the different forms of government and their civic responsibilities.



People protest climate change in London in 2019.

Monarchy

Monarchies were among the first forms of government. A monarchy is a political system in which one individual is in complete control. Kings, queens, and pharaohs are examples of monarchs. Often, a monarch's power comes from **heredity**, passed from one generation of a family to the next. Many early monarchs, as well as the people they governed, believed

their power came directly from a god or gods. This idea is called divine right.

Vocabulary

heredity, n. the passing of traits or position from parent to child

Divine right helped shape the idea of absolutism, in which all power resides with a monarch. Absolute monarchs rule with total authority and cannot be challenged by anyone. They can do anything they want, regardless of how it impacts their subjects.

Louis XIV, who became king of France in 1643, described the power of the absolute monarch when he said, “I am the state.” Today, absolute monarchies still exist, but there aren’t many. Only six remain, including Swaziland, Saudi Arabia, and the United Arab Emirates.



Think Twice

What did King Louis XIV of France mean when he said, “I am the state”?

Another type of monarchy—one based on a constitution—is more common. In a constitutional monarchy, the monarch’s



King Louis XIV of France was an absolute monarch.

role as head of state is symbolic. Real government power instead rests in the executive, legislative, and judicial branches. A constitution or laws give each branch certain powers.

The king or queen in a constitutional monarchy still ascends to the throne because of heredity. This occurred in the United Kingdom in 2022, when Prince Charles became king after his mother, Queen Elizabeth II, died. But constitutional monarchies are similar to democracies. Citizens choose their leaders and have rights the government can never take away.

England became a constitutional monarchy following the Glorious Revolution of 1688. Limits were placed on the power of the king, and citizens began to elect representatives to a lawmaking body called Parliament. Parliament picked the nation’s prime minister. It was the prime minister’s job—not the king or queen’s—to conduct the daily business of government.

In time, constitutional monarchies became more common. France formed a constitutional monarchy in 1791 during the French Revolution. Germany formed one when Prime Minister Otto von Bismarck united the nation in 1871. Germany’s

kaiser, however, still held immense power. Today, Japan, Jordan, and Spain are also constitutional monarchies.



Democracy

Democracies receive their power from the people they govern. The ancient Greeks developed the world's first democracy sometime around the 400s BCE in the city-state of Athens. The Athenians established a direct democracy in which citizens directly ran the government. At the time, though, only free men were citizens.

Thousands of years later, leaders of the United States studied Athenian democracy, among other political philosophies, when they wrote the Constitution and formed a republic, or a representative democracy. Their version of democracy included the Athenian idea that political power comes from the people. However, the Framers did not form a government that allowed direct participation by the public. Instead, they allowed people to choose representatives to govern for them, although only white male landowners were initially allowed to vote. The Framers believed that

government by the people would limit **tyranny** while guaranteeing citizens certain individual rights. These include freedom of speech and religion and the right to a trial by a jury of peers. The Framers also focused the new republic on the idea that no one is above the law.

Vocabulary

tyranny, n. cruel or unfair use of power

Writers' Corner

Write a paragraph on the differences between a constitutional monarchy and a representative democracy.



Communism

Revolutions in Russia in 1917 led to the creation of the world's first communist government, the Soviet Union. Communist leaders such as Vladimir Lenin and Leon Trotsky used the theories of German philosopher Karl Marx in an attempt to create a society without class divisions. Marx and Friedrich Engels had written a pamphlet called *The Communist Manifesto*. In it, the pair argued that **capitalism**, an economic system in which resources and

businesses are privately owned, resulted in social and political inequality.

Vocabulary

capitalism, n. an economic system in which resources and businesses are privately owned and prices are not controlled by the government

Marx argued that capitalism was the main cause of society's problems. In his view, capitalism exploited workers. Marx urged workers to shake off what he viewed as the shackles of capitalism and take control of the way goods and services were produced. Once that occurred, Marx said, a new society, one with no private



Statues of Karl Marx and Friedrich Engels, Berlin



Karl Marx and Friedrich Engels explained their ideas in *The Communist Manifesto*.

property or economic or social divisions, would arise. Marx called that new system **communism** and argued that it would create a more equitable society.

Communism eventually spread from the Soviet Union to other countries, especially after World War II (1939–45). In practice, communism did not create the equality

Vocabulary

communism, n. a political and economic ideology that advocates for public ownership and communal control

that Marx had hoped. Instead, it could be argued that communist leaders in the Soviet Union, China, Vietnam, and Cuba, among other nations, corrupted Marx's idea of a classless society. They controlled nearly all aspects of people's lives, sometimes in a brutal way, while enriching themselves. The Soviet Union collapsed in 1991. China, Cuba, Vietnam, Laos, and North Korea are the only communist governments left.



Fascism

In the 1920s and 1930s, another form of government called fascism took shape. Fascism is an authoritarian system associated mostly with Italy, Germany, and Spain during the first half of the 1900s. Italian leader Benito Mussolini first used the term in 1919. Fascists reject individual rights, and fascist governments use force for political gain. Fascists also use **nationalism** to expand their power. They encourage hatred against minority groups, spread disinformation, and pit groups against one another. Adolf Hitler, Mussolini, and other fascist leaders were dictators who controlled all political power.



Other Forms of Government

The world has seen many other forms of government throughout its long history. In Europe in the 1800s, for example, sovereign states in Germany, Switzerland, and Italy banded together to form **confederations** in their respective regions. In the United States, eleven southern states tried to leave the Union and establish their own confederacy during the U.S. Civil War (1861–65). In an oligarchy, such as today's Russia, a small group of wealthy people wield power. In **theocracies** such as Iran and Afghanistan, religious rulers wield power.

Vocabulary

nationalism, n. belief in the superiority of one's nation

confederation, n. a group of independent kingdoms or states that work together

theocracy, n. a government ruled by religious leaders

Think Twice



How are political, economic, and civil rights related to each other?



Chapter 2

Early Governments

The Big Question

How has government changed throughout history?



The First Governments

Many thousands of years ago, prehistoric people survived by hunting animals and gathering plants. Traveling in bands, they formed small societies to divide labor and protect their interests. Eventually, humans learned to farm and began to form permanent settlements. As villages turned into cities, cities became states, and empires formed, people organized more sophisticated systems that centralized decision-making. In time, governments evolved into complex political structures with functions that included organizing society, making laws, providing services and protection, and protecting rights and freedoms.



Prehistoric settlements depended on cooperation with specific roles, rules, and divisions of labor.



The way governments functioned evolved over time. For nearly ninety-four thousand years, nomadic bands survived without formal governments. However, survival largely depended on cooperation, and bands were often organized around family units led by elders. Groups of bands formed tribes or villages, which were led by chiefs.

Societies grew larger and agriculture improved, leading to extra food, called a surplus. This allowed societies to store and trade extra food for items they did not have. People who didn't farm worked other jobs, creating things the community needed. All of this resulted in expanding populations and the formation of civilizations—societies with similar religious beliefs, customs, languages, and forms of government.

As society's needs increased, more organization was needed. Rulers appointed officials who collected taxes, made sure people followed the law, and defended against invaders. In many early societies, leaders saw their power grow as they rallied the community to build various public works projects, especially those that would spur agricultural growth. Rulers went to war with one another to capture more land and resources.



Organizing Society

Organizing society was a major responsibility of early governments. As civilizations became more advanced, leaders felt the need for more organized governments. The Sumerians established one of the first governments in Mesopotamia. Leaders used their power to solve problems like the effects of flooding and drought, protecting citizens from hardship and encouraging civic responsibility. As villages grew into complex city-states, fighting over land and water became more common. Eventually, Sargon the Great of Akkad, ruler of the city of Kish, conquered Sumer's city-states, uniting them under one central government and creating the world's first empire. Sargon's **bureaucrats** ran the day-to-day affairs of the empire, creating a template for other civilizations.

Vocabulary

bureaucrat, n. a worker who helps run the daily activities of government

Later in ancient Egypt, civilization grew into a complex theocracy run by a pharaoh. The first Egyptian king, Narmer, formed a central government to help him rule.



Egyptian pharaohs held absolute authority and were considered political and religious leaders, often being viewed as divine figures.

Over the centuries, pharaohs ruled absolutely with the help of governors, priests, and mayors. Tax collectors traveled throughout Egypt, collecting crops from each village and town, which the government then stored for years of drought or traded with other civilizations.

Other civilizations, particularly those of China and Japan, also developed highly organized governments. China's first dynasty, the Shang, centered on the king and his royal court—bureaucrats who won jobs through family connections. The king, who was considered a divine ruler, had ultimate authority. The Shang dynasty set a

precedent for governance through a system of centralized authority. The next Chinese dynasty, the Zhou, created a **feudal** system. In return for this power, landlords promised loyalty to the king and his army.

Vocabulary

feudal, adj. describing a system in which nobility gives land to vassals in exchange for military service

Later in China, a noble lord used his military to crush his enemies and declare himself "First Emperor," or Shihuangdi. Shihuangdi used his military power to conquer and unite warring states under

his rule. He also worked to standardize and centralize the government. He created common currency, a legal system, and a system of weights and measures. His centralized government would become the foundation of later Chinese **imperialism**.

The next Chinese dynasty, the Han, set up a civil service system. People no longer

relied on family or political connections for government jobs. Instead, they were hired based on their ability. This idea of a civil service continued well after the Han dynasty ended.

Find Out the Facts



Research and write about the benefits of a government civil service system.

Vocabulary

imperialism, n. the practice of gaining power as a country by taking over areas of the world

Like China, Japan's rulers claimed a divine mandate. Japanese emperors were heads of state and the country's top religious leaders. Japan also became a feudal society. However, Japanese feudalism differed from China's.

Eventually, military dictators, or shoguns, replaced the Japanese emperor as the head of government. While the emperor still stood at the top of the Japanese feudal pyramid, his power was symbolic. Under the shogun were **vassal** lords called daimyo. Next came **samurai**, which in



Shi Huangdi unified China through a centralized government.

Vocabulary

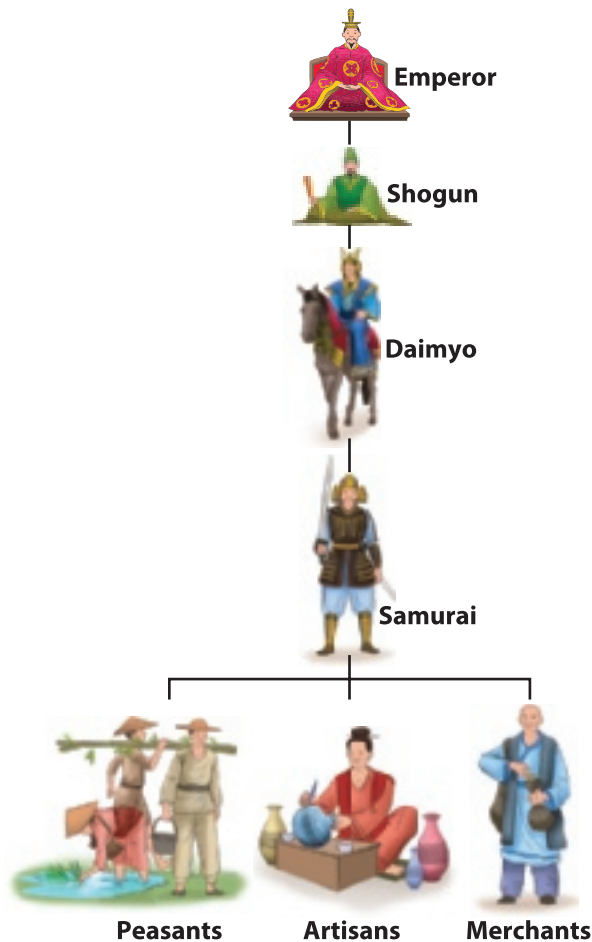
vassal, n. a person given land and protection by a lord in return for loyalty and military service

samurai, n. Japanese warriors pledged in military service to a noble

Chinese vs. Japanese Feudalism

	China	Japan
Government	Central government had more control over local lords.	Central government was weaker, and lords had more power.
Military	Military was considered a separate entity from the government and was often used to put down rebellions.	The military class (samurai) was entwined with the government and played a significant role in politics.
Social Structure	Mobility was rare, as people stayed in the social class they were born into.	People could rise through ranks and gain power through merit.
Land	Land was mostly held by the imperial court and the wealthy elite.	Local lords held most land, and the emperor had less power over land ownership.

Chinese and Japanese feudalism differed in many ways.



Japanese feudalism had a complex hierarchy.

English means those who serve. Under the shogun, Japan faced constant war between the daimyo as well as invasions from outside. In time, several powerful warriors united most of Japan.



Making Laws

In addition to providing organizational structure for society, another major function of early governments was to make laws. Perhaps the most famous example of this in the ancient world is the great conqueror of Babylon, Hammurabi. Hammurabi faced a challenge—he needed to unite a vast empire with many different groups. He believed that a society would function best with a

common set of rules and laws. Hammurabi established a series of laws known today as the Code of Hammurabi, designed for the common good. The laws reduced chaos and provided stability. Under Hammurabi, the empire flourished. Hammurabi **codified** his laws, displaying them for all citizens. With the laws available for all to see, even leaders were held accountable.



A stele, or pillar, of the Code of Hammurabi

Vocabulary

codify, v. to write down in a systematic way



Find Out the Facts

Find the text of Hammurabi's Code. What does the code say about robbery or theft?



Providing Services

When cities, nations, and empires formed, humans created systems of government to manage public works projects that benefited the community. Providing services for the public became another important function of early governments. To accomplish this, often power became more centralized and efficient. Government officials oversaw the digging of wells and the building of irrigation systems. Many ancient civilizations built canals for agriculture and transportation. The Egyptians built the Nile Canal, the ancient Persians built the qanāt underground water management system for irrigation, the Chinese built the Grand Canal to promote trade between northern and southern China, and the Romans constructed

aqueducts and canals to improve agriculture and provide transportation.

Four hundred years before Japanese emperors came to power, an adventurer named Chandragupta Maurya created India's first empire in the Ganges River valley. The Mauryan dynasty was another example of how early governments provided services. The well-organized dynasty oversaw the building of roads, the operation of trade routes, and taxation. It divided the empire into provinces, which were then divided into smaller

administrative units. It built public works like canals, wells, and rest houses for travelers.

Chandragupta's grandson Asoka became the most revered Mauryan leader. Asoka had turned away from bloody battles and begun to follow the religious teachings of Buddha. He had a significant impact on civic life in India, building religious buildings and providing services like hospitals and roads, even planting trees on those roads to provide shade for travelers. His legacy of civic infrastructure, road and



A water canal used for irrigation, a project commonly introduced by ancient rulers for the good of society

communication networks, and religious monuments is still visible today in India.



Protection

Waging war and defending against enemy attack was another of the prime responsibilities of ancient governments. Nations waged war for a variety of reasons, including access to resources, control of territory and trade routes, and acquisition of wealth.

One very early example of conflict came between Egypt and its southern neighbor, the kingdom of Kush. For both Egypt and Kush, the Nile River was central to trade and cultural exchange, and the kingdoms vied for control of the river and its trade routes. Both kingdoms tried to gain influence over nearby regions. It was common for military conflict and invasion to occur as governments sought to protect the people's interests and extend their influence. Civilizations across time sought to protect their empires from outside invaders and to extend political and economic control. Like the Egyptians and Kushites, governments often accomplished this through military strength.

Sometimes, governments resolve conflicts with other nations by signing treaties or joining international agreements. Around the same time that Egypt and Kush came into conflict with one another, Egypt fought with the Hittites to the north. After a massive battle, the two sides signed the oldest known peace treaty, which ended a long war between the two sides.


Governments have continued to sign treaties with one another through the centuries to maintain peace. In 1494 CE, Spain and Portugal signed the Treaty of Tordesillas, which stated that all territory located to the east of a vertical line that cut through the Atlantic Ocean and South America would belong to Portugal. Territory to the west would be claimed by Spain. In the twentieth century, the two sides involved in World War I signed the Treaty of Versailles to end the fighting. In addition to ending the fighting, the Versailles treaty also punished one of the combatants—Germany—for the war by placing severe restrictions on Germany's military, taking away German territory and colonies, and requiring Germany to pay steep reparations.

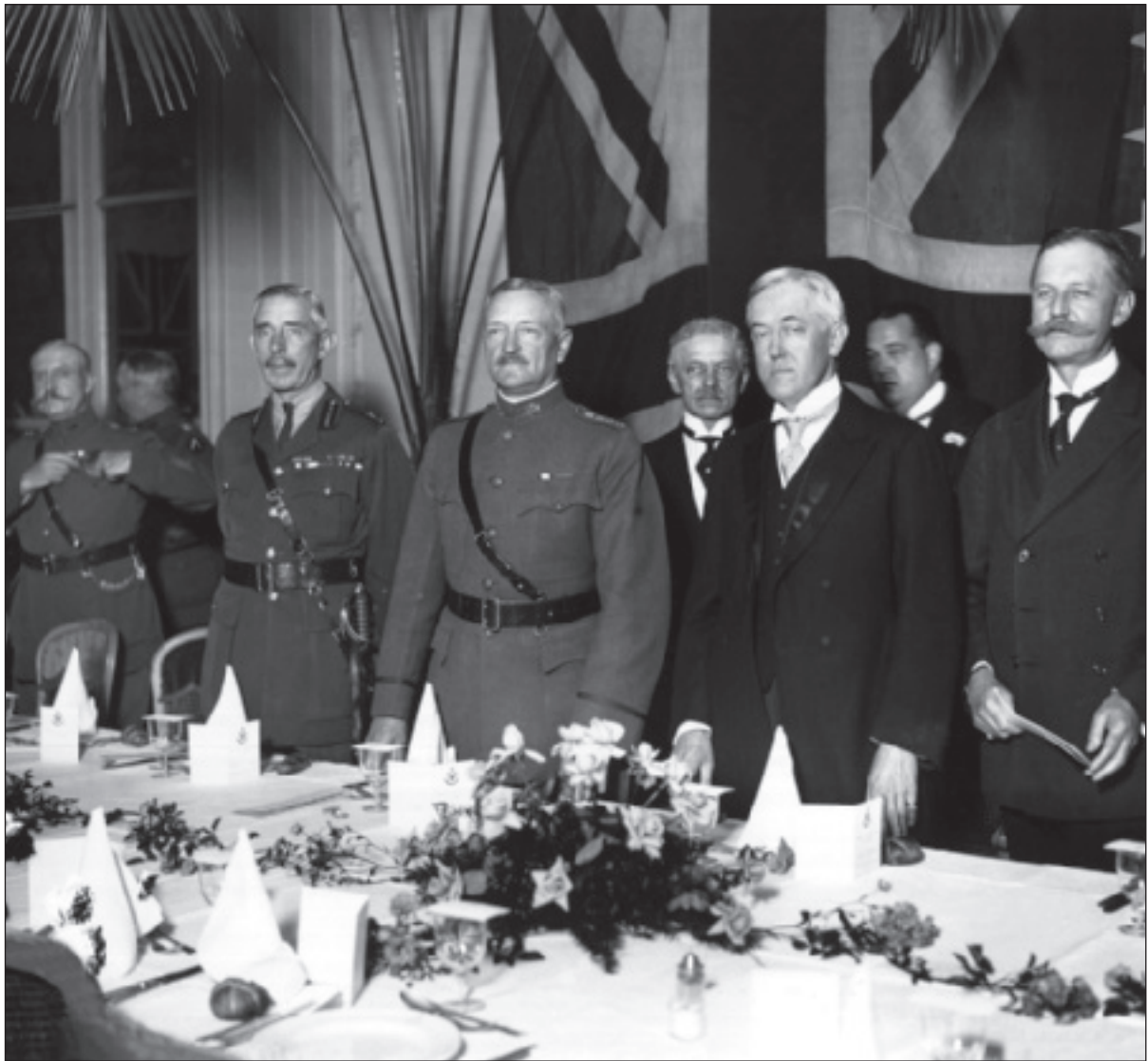
International organizations also help stop countries from coming into conflict.

After World War I ended in 1918, dozens of countries around the world formed the League of Nations in order to prevent another major war. Because the League of Nations failed to stop the outbreak of World War II, it was replaced by the United Nations in 1945.

Think Twice



 How do Egypt and Kush help exemplify reasons—political, economic, territorial, and ideological—that countries go to war?



Woodrow Wilson (second from right) was one of the leaders who signed the Treaty of Versailles.

Chapter 3

The Birth of Democracy

The Big Question

How did early democracies influence later governments?



Where It Began

Ancient Greece played a unique role in human history as the birthplace of democracy. Its culture, political systems, and economy had a strong influence across the ancient world. In fact, its influence is still felt today. In modern democratic societies, governments have expanded on the ancient Greek idea of democracy to include the responsibility to uphold the rights and freedoms of their citizens.



A democratic meeting in ancient Athens





Athens

The Greeks built dozens of city-states. One, Athens, developed a direct democracy over time. The Assembly was the center of Athenian democracy. Citizens were required to participate in the Assembly and vote on important issues. Before making any decision, Assembly members had to debate and then vote on the issue. The majority ruled. But Athenian democracy had limits. Enslaved people and women could not participate because they weren't considered citizens and had

virtually no rights. Only free adult men who were born to Athenian parents were considered citizens.



Rome

Ancient Rome was equally important in the development of democracy, but it functioned differently. At first, kings ruled Rome, although historians don't know much about this period. It is believed that most Roman kings ruled wisely, but when one king, Lucius, ruled cruelly, Rome's citizens rebelled and removed him.



The Pnyx was the official meeting place of the Athenian democratic assembly, known as the Ecclesia.



The Roman Senate

Afterward, Rome became a republic. Two consuls, chosen by the Roman Senate, ran the government.

Roman society was split between two groups: commoners called plebeians and wealthy landowners called patricians. The plebeians sought more rights, putting them at odds with Rome's patricians, who wanted to stay in power. The plebeians eventually became part of Rome's republic, serving in the Senate and the Assembly of Citizens. The Senate became more powerful, not only running the empire's domestic affairs but also having

a heavy hand in foreign affairs as Rome conquered foreign lands. Eventually, the Roman Republic dissolved and became a dictatorship under Julius Caesar, who was later killed by several Roman senators. Though democracy eventually came to an end in Rome, its legacy extended across time as a model, inspiring Enlightenment thinkers and future governments.

Find Out the Facts



Find out more about how Rome ruled its conquered territories.

Chapter 4

Governments in the Middle Ages

The Big Question

How did events of the Middle Ages usher in Enlightenment ideas?



Rome's Legacy

When Rome was at its most powerful, its empire included much of western Europe. Under Rome's hand, most of Europe had been united. But once the Western Roman Empire collapsed in 476 CE, Europe began to slowly decline politically, socially, and economically. The continent entered what historians call "the Middle Ages." The Middle Ages began in roughly 500 CE and ended almost one thousand years later. During this time, the era was marked by feudalism, an all-encompassing social system that touched every aspect of life.



During the Middle Ages, people were given protection, land, and employment in return for loyalty to a king or a lord.





Feudalism

Within this system, kings, queens, and czars sat at the top of the feudal hierarchy, with powerful lords, such as dukes and counts, below. These dukes and counts owned the largest estates, sometimes fighting among themselves. Medieval nobles called knights rode horses and trained for combat in service to a lord beginning at a very young age. Like the feudal systems of Asia, European landlords forged a political and economic relationship with their vassals. Vassals were given land called **fiefs** in exchange for protection by a lord. Peasants worked the land, planted crops, and built structures.

Vocabulary

fief, n. an estate in medieval Europe granted by a lord to a vassal

The feudal system, along with the concept of divine right, gave Europe's monarchs absolute power. Some ruled with kindness, while others, like King John of England, used terror and intimidation. Despite their power, monarchs weren't invincible. For



Knight on horseback

example, in 1215 CE, angry nobles forced King John to sign the Magna Carta, or great charter. This document gave nobles rights that would later extend to all British citizens, including protection against unfounded arrest or imprisonment. It also limited the king's power to tax.



The Reformation

The Catholic Church also held significant power in Europe at this time. The Church and its leader, the pope, were the center of Europe's social, economic,

and spiritual life. But people began to believe the church was corrupt. One questionable practice involved the selling of indulgences. Indulgences could be bought to reduce the time a person's soul would spend in **purgatory** before moving on to heaven. By 1517, many in Europe were rebelling after a German monk named Martin Luther nailed complaints to



After Martin Luther posted his ninety-five theses criticizing the Catholic Church, the Protestant Reformation began.

Vocabulary

purgatory, n. in the teachings of the Roman Catholic Church, a place of suffering inhabited by the souls of sinners who have to serve a penance before being allowed into heaven

thesis, n. an argument to be debated

the door of a German church. Each of his ninety-five **theses** expressed problems with the Church's practices. This set off the Protestant Reformation, which split the Christian Church into Catholics and Protestants.

The Reformation changed how people thought about government. Specifically, it shaped the idea of federalism, or the division of power among different governments, which would later influence the United States Constitution. By challenging the authority of the Catholic Church, people set the stage for the Enlightenment, which would change the makeup and function of governments forever.

Think Twice

Why might people have been upset at the selling of indulgences by the Catholic Church?



Chapter 5

The Enlightenment's Impact on Government

The Big Question

How did the ideas of the Enlightenment impact democratic governments?



The Age of Reason

*During the 1500s and 1600s, European scientists began applying reason to try to understand the world. A concept known as **natural law** was introduced.*

They used a recent invention—the printing press—to share their ideas with each other and the public.

Vocabulary

natural law, n. a body of law that can be established through observation and human reason

THE PRINTING PRESS.



The printing press had a major role in allowing Enlightenment ideas to spread.

EVOLUTION OF THE BOOK SERIES.



In the 1700s, other thinkers began to explore the use of reason as a means of addressing social, economic, and political issues. For example, during the Enlightenment, philosophers explored new ideas about government. Most monarchs of Europe still ruled with absolute authority. The Catholic Church, despite the Reformation, continued to be a major political and social force. Enlightenment philosophers challenged those worldviews as they focused on people as citizens rather than subjects. Many of their ideas were not entirely new. Philosophers studied how Athenian democracy worked and used those ideas to inform their views. For example, British philosophers John Locke and Thomas Hobbes suggested there was a voluntary **social contract** between the government and the citizens who gave it power. These radical ideas rejected the divine rulers of Europe.

Vocabulary

social contract, n. an agreement between individuals in a society and a ruler or government that the individuals give up some of their freedoms in exchange for protection by the ruler or government



John Locke believed that citizens had God-given rights to life, liberty, and property, separate from government control.

Other philosophers, such as Voltaire, supported free speech and religious tolerance. They also spoke out against the abuses of governments and the church. The French philosopher Montesquieu believed government should be separated into different branches to limit its power. These ideas were theories that no one had yet put into practice. However, in the late 1700s, the theories would take center stage

Think Twice



What do you think Europe's monarchs may have thought about the idea of a social contract between the government and the governed?

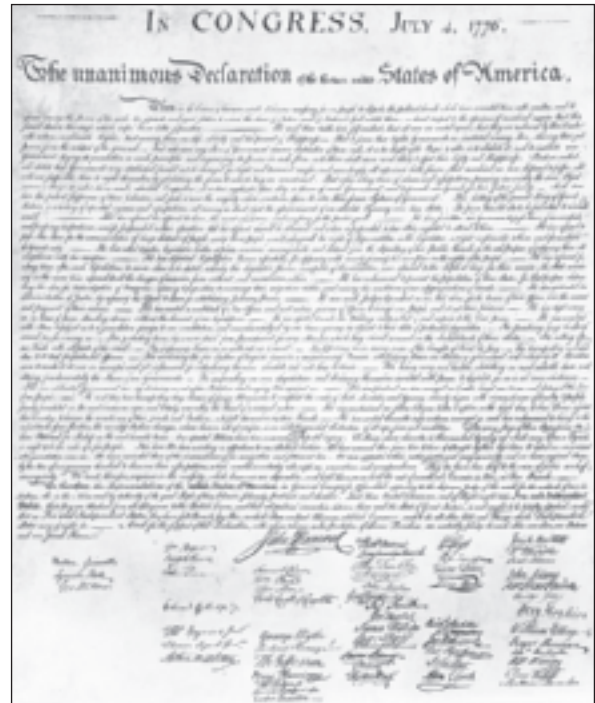
across the Atlantic Ocean, far from Europe, in the American colonies of the British Empire.



The American Revolution

Enlightenment ideas moved from theory to practice in the American colonies. Facing war debt, Britain's King George III had sought to fix his country's financial woes by taxing the American colonies. Rebellion ensued. By the summer of 1776, the colonies decided to break away from the British Empire and form their own nation.

In the signing of the Declaration of Independence, Americans put the principles of the Enlightenment into action. Thomas Jefferson, its principal author, made the Declaration into a proclamation of human rights. Jefferson drew on his knowledge of Enlightenment ideas to proclaim, after some precise editing from John Adams and Benjamin Franklin, "that



The Declaration of Independence was heavily influenced by Enlightenment ideas.

all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness."

It was an extraordinary statement. The idea that "all men are created equal" was radical, although in America at the time, it did not include women, enslaved workers, or Indigenous people. The idea was profound nonetheless. Jefferson also wrote that such truths are "self-evident." In other words, they are obvious. He wrote, as Locke had suggested, that governments receive their power from the people and that if

government “becomes destructive of these ends, it is the Right of the People to alter or to abolish it.”

The U.S. Constitution

During the Revolutionary War, the newly formed United States created a powerless central government that couldn't levy taxes, create an army, or even print money. No system existed to handle disputes between states.

To fix this situation, leaders created a constitution that reflected many of the ideas of the Enlightenment philosophers. They proposed a government based on Enlightenment ideas such as popular sovereignty, the right of the governed to rule themselves. In this system, the government, along with its citizens, had to be held accountable. It didn't matter if a person was a baker, a cobbler, or a president; each had to follow the law.

The Framers also separated government powers and created a system of checks



At the Constitutional Convention, American leaders debated the best way to implement Enlightenment ideas in the new nation.

and balances, both of which were ideas borrowed from Montesquieu. The government was split into three branches. Congress, the legislative branch, made up of representatives chosen by the people, would make laws. The executive branch, led by a president, would enforce those laws, and the judiciary would resolve any disputes.

To further limit the power of the central government, the Framers created a power-sharing system between it and the states, called federalism. Although federalism is never mentioned in the Constitution, the Framers included its ideas in the document. Article I establishes what Congress can do, such as forming an army and navy and printing money. Any power not specifically listed in the Constitution is left to the states.

When the new constitution was completed, some members wanted a guarantee that the government could never take away individual rights like freedom of speech, freedom of religion, freedom of the press, and trial by a jury of peers. Ten amendments were added to the Constitution, called the Bill of Rights. The freedoms contained in the Declaration of Independence and Bill

Find Out the Facts



Find out more about how the Universal Declaration of Human Rights, adopted by the United Nations in 1948, was influenced by the U.S. Bill of Rights and Enlightenment ideas.

of Rights became the cornerstones of American democracy and would later influence other nations.



France Changes Its Government

As the Americans had looked to the Enlightenment for inspiration in forming a constitutional democracy, the French looked to the American Revolution as they tried to limit the power of their king. The people of France, like the rest of Europe, were still living under the absolute rule of the monarchy and the class structure of the Middle Ages.

French society was divided into three groups, called estates. The clergy, who made up the first estate, enjoyed wealth and influence. Nobles made up the second estate, holding top government jobs and competing for royal appointments at Louis XVI's palace at Versailles. The third estate, or commoners, was the

most diverse. The middle class, or bourgeoisie, was at the top. These were France's bankers, merchants, lawyers, and other professionals. At the bottom were peasants, day laborers, tenant farmers, and the poor of the cities.

Members of the third estate resented the privileges given to the other two estates and paid the bulk of France's taxes despite earning the lowest wages. Louis XVI was growing increasingly distant from the people, further fueling unrest. Growing anger combined with a nationwide financial crisis and food shortages made revolution more and more likely.

Meanwhile, the French watched as democracy took root in the United States. Many hoped France would follow. As political and economic problems got worse, the French made their voices heard, drawing inspiration from across the ocean. France's middle class especially admired America's revolutionary spirit. French newspapers reported full details of the United States' war with Britain. When taxes on grain skyrocketed, creating a bread shortage, protesters poured into the streets.

In June 1789, the third estate formed a National Assembly. It issued the



The Women's March on Versailles in October 1789 was an early turning point in the French Revolution.

Declaration of the Rights of Man and Citizen, written by the Marquis de Lafayette, as a first step toward a new constitution. Lafayette had fought in the American Revolution and based parts of this document on the Declaration of Independence.

Two years later, France's absolute monarchy collapsed, and a constitutional monarchy formed. Thomas Jefferson, an American diplomat living in Paris, supported the calls for democracy and gave advice on how France's new constitution should be written, giving power to the Legislative Assembly, whose members were chosen by indirect voting.

The French Revolution was complex. It lasted a decade and became bloodier and more radical as the years passed, eventually leading to the reign of Napoleon Bonaparte. The monarchy fell, and Louis XVI was executed. Although the new government was unstable, the revolution took power from the upper classes and the Catholic Church. It also

influenced other European nations, whose monarchs put into place similar reforms to prevent revolutions in their nations.



Haiti Revolts

The revolutionary spirit of France soon spread to Haiti, one of its most important colonies. Located in the Caribbean Sea, Haiti had an economy that relied on enslaved people who worked in the coffee and sugar fields. Not everyone in Haiti agreed with France's revolution. Some supported the monarchy, while others supported the revolutionaries. Leaders in France's revolutionary government traveled to Haiti to meet with Toussaint Louverture, a formerly enslaved man who advocated for Haitian independence. The leaders told Louverture that the new government strongly supported abolishing slavery in its colonies.

Still, the Haitian Revolution began in 1791, led by enslaved Africans who sought freedom and were inspired by the Enlightenment ideals of the French Revolution. They were led by Toussaint and joined by free Black people in Haiti, who joined the revolution for a variety of reasons. Like enslaved Africans, they were seeking

Writers' Corner



Write two or three paragraphs on how the ideas of the Enlightenment influenced the French Revolution.

freedom and equality. Free Black Haitians were treated as second-class citizens and faced discrimination and marginalization despite being legally free. They also sought social and economic mobility, challenging racial hierarchies in Haiti.

The French government abolished slavery in Haiti in an attempt to stop the rebellion. It became evident that this was not a sincere attempt to free enslaved Africans but a political move to weaken the rebellion and gain support from enslaved

people. The French government even later repealed abolition, reestablishing slavery and other oppressive policies.

Though many European forces, including Spain and England, sent armies to quell the rebellion, in 1804 the island declared itself free. The Haitian Revolution was the first successful slave rebellion in the Western Hemisphere, and it led to the establishment of Haiti as the first independent Black nation in the world.



Toussaint Louverture was the leader of the Haitian revolt against the French monarchy and colonial forces.

Writers' Corner

Write one paragraph from the point of view of an emancipated, or freed, Haitian, explaining why the rebellion is important to all Haitians.



Latin American Independence

In the 1800s, countries across Latin America, including Bolivia (1825), Uruguay (1828), and Venezuela (1830), fought for and won independence. Enlightenment ideas such as the emphasis on individual rights and freedoms, the idea of popular sovereignty, and the concept of the nation-state were a major influence on the leaders of Latin American independence movements of this time.

These ideas provided a philosophical basis for the rejection of colonialism and the assertion of self-rule. In addition, the success of the American Revolution served as a powerful example for Latin American leaders, who saw that it was possible for colonies to break free from European rule and establish independent nations.



Independence in the Aftermath of Wars

Across history, independence movements took hold in other countries around the globe, inspired by Enlightenment ideas. After World War I, Europe faced a power vacuum. The war had destabilized many of the empires of Europe, and in its aftermath, ethnic and nationalistic movements emerged, demanding **self-determination** and independence. These groups often drew on Enlightenment ideals like popular sovereignty.

Vocabulary

self-determination, n. the ability of the people in a country to decide their own government

The collapse of the Austro-Hungarian Empire led to the emergence of several new states, including Czechoslovakia, Yugoslavia, and Austria. These new states were based on the principle of national self-determination. Similarly, the end of the Russian Empire meant independence for several states in eastern Europe, including Poland. The idea of self-determination also played a role in the dissolution of the Ottoman Empire and the emergence of new states in Southwest Asia, like Iraq and Syria.

The aftermath of another war, World War II, led to the dissolution of the British and French Empires, which resulted in independence movements in many colonies in Asia and Africa. In Asia, ideas of anti-colonialism and self-rule that emerged during the war were a major inspiration for independence movements there, as people began to demand more autonomy and self-government from the colonial powers. One example came in Vietnam, where Ho Chi Minh drafted the Vietnam Declaration of Independence, borrowing heavily from the United States Declaration of Independence and including statements that “all men are created equal” and that governments

derive “their just powers from the consent of the governed.” The declaration, which proclaimed Vietnam’s independence from French colonial rule, also rejected the idea of imperialism and advocated for the rights of all nations to self-determination and independence.

Additionally, the fall of the Soviet Union in 1991 led to the emergence of several independent states in eastern Europe, such as the Czech Republic and Slovakia. As with the independence movements



Ho Chi Minh was a Vietnamese revolutionary leader who formed the Democratic Republic of Vietnam and defeated the French Union.

that emerged after World War I, the end of World War II and the collapse of empires created a power vacuum that encouraged groups to draw some of their inspiration from a movement that had begun hundreds of years earlier.

Shaping the Modern World

A desire for basic human freedoms is universal. One fairly recent movement came in the form of the Arab Spring, a series of pro-democracy uprisings that occurred in the Arab world in 2010 and 2011. Growing anger and frustration over high unemployment, economic inequality, and lack of political representation set the Arab Spring in motion. Through the power of social media and other forms of communication, citizens in Arab countries mobilized and demanded greater freedoms and more democratic governments.

In another example, the Green Movement in Iran was a political movement that emerged after the disputed Iranian presidential election in 2009. The Green Movement was inspired by frustrations with lack of representation, human rights abuses, and lack of transparency in the

electoral process. Protests spread quickly throughout the country. The government responded with a heavy hand, arresting and even killing some protesters.

Despite government suppression, the movement grew.

Enlightenment ideas, such as the belief in individual rights, freedom of expression,

and the power of reason, have played a role in shaping the identities of many modern societies. Such ideas have become embedded in many of the world's constitutions. Individual rights are now widely accepted as fundamental human rights and are protected by many modern legal systems.



In 2009, demonstrators gathered in the Iranian capital of Tehran to support the presidential candidacy of Mir Hossein Mousavi.

Glossary

A

authoritarian, adj. relating to a political system in which the state has complete control over the lives of individuals (4)

B

bureaucrat, n. a worker who helps run the daily activities of government (12)

C

capitalism, n. an economic system in which resources and businesses are privately owned and prices are not controlled by the government (7)

codify, v. to write down in a systematic way (16)

communism, n. a political and economic ideology that advocates for public ownership and communal control (8)

confederation, n. a group of independent kingdoms or states that work together (9)

F

feudal, adj. describing a system in which nobility gives land to vassals in exchange for military service (13)

fief, n. an estate in medieval Europe granted by a lord to a vassal (26)

H

heredity, n. the passing of traits or position from parent to child (5)

I

imperialism, n. the practice of gaining power as a country by taking over areas of the world (14)

N

nationalism, n. belief in the superiority of one's nation (9)

natural law, n. a body of law that can be established through observation and human reason (28)

P

purgatory, n. in the teachings of the Roman Catholic Church, a place of suffering inhabited by the souls of sinners who have to serve a penance before being allowed into heaven (27)

S

samurai, n. Japanese warriors pledged in military service to a noble (14)

self-determination, n. the ability of the people in a country to decide their own government (37)

social contract, n. an agreement between individuals in a society and a ruler or government that the individuals give up some of their freedoms in exchange for protection by the ruler or government (30)

T

theocracy, n. a government ruled by religious leaders (9)

thesis, n. an argument to be debated (27)

tyranny, n. cruel or unfair use of power (7)

V

vassal, n. a person given land and protection by a lord in return for loyalty and military service (14)



ECONOMICS IN WORLD HISTORY



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Chapter 1

What Is an Economy?

The Big Question

How do people in modern societies decide what to produce, who to produce it for, and how to produce it?



Economies

Have you ever thought about what you need in order to survive? This includes food, shelter, and clothing, that all come from resources. Everybody in every society needs to use resources to survive, but the amount and kind of resources available to everybody are limited. The way a society uses its resources and distributes its wealth greatly affects the daily lives of its people.



The economy is the way a country allocates resources, including money, natural resources, and technology.



Every society has some form of **economy**. An economy is the way a country manages its **money** and resources to produce, buy, and sell goods and services. Some countries, like the United States, have market economies, in which buyers and sellers make most economic choices. However, in command economies, a

central authority such as a government makes all economic choices. Traditional economies rely on custom, tradition, and beliefs to make economic choices. For example, the work that people in a traditional economy do is guided by the experience of elders in the community.

The purpose of an economy is to help supply or deliver to people their needs and wants. A need is any item required for a person's survival, while a want is any item that a person might like to have but is not necessary for survival. Items that fulfill needs and wants are goods. Economies also include services, or work done for someone else.

Vocabulary

economy, n. the way a country manages its money and resources to produce, buy, and sell goods and services

money, n. a medium of exchange used in financial transactions



Factors of production include land, labor, entrepreneurship, and capital, including machinery and equipment used in production.

People buy goods and services in a market, which is any place where people or groups engage in financial transactions. Markets consist of producers and consumers.

Producers are people or businesses that make a good or provide a service. Consumers are people who buy goods or services.

Producers use the **factors of production** to make goods and produce services. Labor is the work that people do while making a good or providing a service. Producers need land on which to produce a good or service, and they also extract natural resources from land. Finally, producers need money, machinery, tools, and buildings. These are forms of capital. Consider the example of a pair of jeans. Producers need land to grow the cotton used to make denim and to build the factory in which the jeans are made. The people who sew different pieces of denim together are the labor. The capital is the factory building, the tools used to farm the land, and the money used to construct the building and buy the tools.



Economic Choices

Producers and consumers constantly make economic choices. A producer may have to decide whether to make shoes or belts,

depending on what product consumers want more. A consumer might determine whether to buy a sweater or a pair of jeans based on which item they need more.

Why must they choose at all? One reason is **scarcity**, which means a limitation to the amount of a resource. Think about a producer who makes cars. Cars are made with steel that comes from minerals in the earth. The amount of minerals in the earth is limited, so the producer must choose how many cars to make from this limited resource based on how much of the resource is available and how many cars they think they can sell. For consumers, the limited resource is usually money. A person who has just enough money to buy a sweater cannot spend that same money buying a pair of jeans.

When people make a decision to do something, it often requires making a **trade-off**, which is the choice to do one

Vocabulary

factors of production, n. resources required to produce a good or service

scarcity, n. a limitation to the amount of a resource, good, or service

trade-off, n. the result of a decision in which something is gained and something else is lost

thing instead of something else. In the example of the consumer buying a sweater, the trade-off is the jeans they now cannot buy. In this case, the jeans are also an **opportunity cost**, which is the option that was not chosen whenever a choice is made. However, not all trade-offs are opportunity costs. For example, fossil fuels provide a source of efficient energy for electricity and transportation, but the trade-off is carbon emissions that lead to climate change.



Think Twice

Why is an opportunity cost considered a cost if a person doesn't have to pay anything for it?

The choices that producers and consumers make are often driven by **supply** and **demand**. Supply refers to how much of a resource, good, or service is available. Demand refers to how much people want that resource, good, or service. When there is a great deal of a resource—that is, when

Vocabulary

opportunity cost, n. the value of the option that was not chosen whenever a choice is made

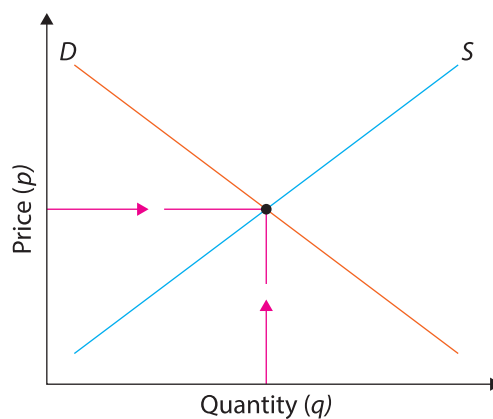
supply, n. the amount of a resource, good, or service that is available

demand, n. the amount of a resource, good, or service that is wanted

supply is high—people can better afford the opportunity cost of choosing something else because they feel confident they can still get the resource later if they want. For example, if the supply of cheese is high while the supply of eggs is low, people might choose to buy eggs because the cheese will likely continue to be available. When supply of an item is low, people are often more willing to pay a higher price for it because it means *they* get the product instead of someone else. In this way, supply and demand are major drivers of price.

Supply and demand are also major drivers of value. The greater the demand for

Supply and Demand



In a market economy, price is usually set at the point where demand and supply are equal.

Think Twice

In a market driven purely by supply and demand, what will happen if a producer charges more for a good than the point at which demand equals supply?



something, the greater its value tends to be. Scarcity also tends to increase value. For example, oil remains valuable because it's the main fuel source for vehicles, so demand for it stays high. But a world-class baseball player is very valuable because people who can hit hundred-mile-per-hour fastballs are in scarce supply.

Making and spending money aren't the only things people consider when making decisions, however. Personal fulfillment, values, and future planning all play roles as well, for both producers and consumers. For example, a producer who values reducing their impact on climate change and the environment is likely to pay for more expensive resources to protect the environment. A car manufacturer could spend more money hiring talented engineers who can design a high-quality electric car. A housebuilder might resource wood from a supplier who uses only renewable energy.



Exchange

All societies have economies, but not all societies use the same systems for trade. **Exchange** means a trade of one thing for another. The oldest form of exchange is

barter, the practice of trading one good or service for another. If Annalise has chips that she trades for her friend's banana at lunch, they've engaged in barter. Another type of barter would be the exchange of different favors. Jim might help his friend Marcus move, and at a later date, Marcus will help paint Jim's house.

Barter isn't very efficient, however. What happens if two people need favors to be done but can't agree on the value of their favors? Societies use money to help solve this problem. Money serves three basic functions:

1. It is a **medium of exchange**. Money can be traded for goods or services.
2. It provides a **standard of value**. The basic unit of money (dollars, euros, pounds, etc.) creates a numeric system that many people can use to determine

Vocabulary

exchange, n. a trade of one thing for another

barter, n. the act or practice of trading one good or service for another

medium of exchange, n. a material that can be used as payment

standard of value, n. a unit that can be used to communicate how much something is worth

how much goods and services are worth.

3. It provides a **store of value**. Money can be saved up and used at a later date.

These functions have ensured that money has remained one of the major forms of exchange for thousands of years.

Sometimes, a person needs or wants something but has no goods to barter or money to use for payment. They can use **credit** to buy something in the present and pay for it in the future. A common modern form of credit is a credit card, which allows

the cardholder to make multiple purchases throughout the month, then provide payment at the end of the month. A person might use a credit card to buy an expensive service, such as car repairs, because they may not have enough money in their bank account at that moment. After receiving

Vocabulary

store of value, n. something that can be saved up and used at a later date

credit, n. a promise to pay in the future for goods or services obtained in the present



Cowrie shells have been used as money in many societies throughout history.

payment from their employer later in the month, they'll have enough money to pay the credit card bill. If the credit card bill is not paid on time, the person will need to pay an extra fee, called interest, on the amount still owed.

Individuals and businesses aren't the only groups that exchange goods and money with one another. Countries also exchange goods with one another, which leads to interdependence, the idea that economies rely on each other. For example, countries may trade with each other because each country has resources that the others lack or have little of. In other instances, a

country might be able to produce a good more efficiently or at a lower cost than others can. The United States and China are each other's largest trading partners. The United States exports mineral fuels to China, while China exports textiles to the United States.



The Marketplace

Have you ever gone to a store to buy ice cream or a video game? Then you've been to a marketplace. These are places where people come together to buy, sell, and



The ice cream these children are eating was purchased at a marketplace called a grocery store.

trade. They can be physical places, such as a grocery store, but they can also be virtual places, such as an online retailer. They can even be places where people trade money and investments, such as the stock exchange.

The sorts of goods and services available in an area in its various marketplaces contribute to that area's **standard of living**, which refers to the wealth, goods, and services available to the people in a certain place. Better goods and services,

combined with higher wealth, correspond with a higher standard of living.

Vocabulary

standard of living, n. the wealth, goods, and services available to the people in a certain place

Changes in the resources available in a country affect its standard of living. When the changes are negative, the government may implement policies to help maintain a higher standard of living.



An educated population often has a high standard of living.

For example, human resources (the workforce) are resources that affect a country's standard of living. If people lack education and training, employers will be unable to find people to fill jobs, and the economy will suffer.

For this reason, many countries have made education mandatory, and they invest heavily in their school systems. An educated workforce means more workers available for skilled jobs and generally a higher standard of living for everyone.

Find Out the Facts



Research the standard of living for the country where you live and for a country on another continent (except Antarctica). Are they the same or different? If different, how are they different?

Writers' Corner



Write a few paragraphs comparing and contrasting the standard of living in the country where you live and the standard of living in one other country you researched. State reasons why they are similar or different.



Skilled workers are an essential part of a successful economy.

Chapter 2

Economics Throughout World History

The Big Question

How have economies around the world changed throughout history?



Trade, Power, and Conquest

Human civilizations throughout history have produced and traded goods. Much of the conquest that has occurred over the ages was done in the pursuit of better resources or easier trade. Rulers often gained and maintained power by controlling wealth. These historical actions eventually led to the modern global economy.



In the fifteenth century CE, people traded for grains and fruit in markets such as this one.





Early Civilizations

From the earliest days of civilization, economies have played a vital role in the rise and fall of empires. The Royal Road, a network of trade routes that stretched from the Mediterranean Sea to West Asia, connected several empires from which historians gained the earliest records of economies. Mesopotamia, at the heart of the Royal Road, was a culture rich in many goods, such as reeds (used for building) and food. The Tigris and Euphrates river valley provided most of what Mesopotamians

needed. Rich in natural resources, it was located in an area called the Fertile Crescent due to the richness of the land. For the few goods Mesopotamia could not obtain, it traded with its neighbors.

Similarly, ancient Egypt got much of what it needed from the Nile River and the land along it. For example, Egyptians used grain for food, salt to preserve and flavor food, and papyrus to make paper. South of Egypt, the kingdom of Kush relied on the Nile for resources as well. In all three kingdoms, the main form of exchange was barter, with one good being traded for another and records of debts and credits




The Royal Road allowed trade between Mesopotamia and other early kingdoms.



The Nile River delta has provided resources to Egypt since the earliest days of civilization.

giving rise to some of the earliest known writing systems.

 **Think Twice**
How did people accrue debts in a system based on barter?

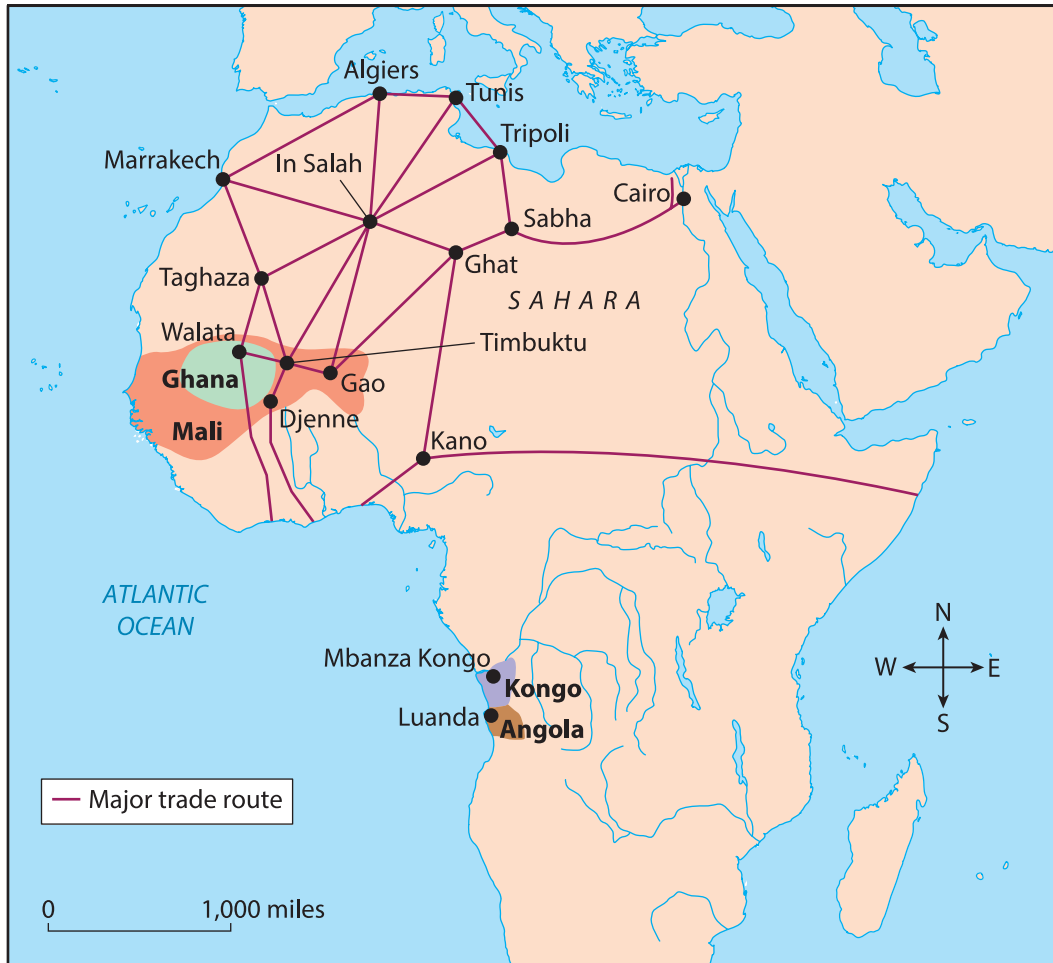
West Africa

Two West African kingdoms arose because of trade and resources: Ghana and Mali. Ghana was a kingdom rich in gold, which

became highly prized by the empires surrounding the Mediterranean. Ghana was situated on the Niger River just south of the Sahara. The river and the land surrounding it provided many of the resources Ghana needed, as well as a trade route with other civilizations in West Africa. Mali, also on the Niger River, not only obtained resources such as food and mud bricks from the river but also used it to control trade.

However, especially for Ghana, the most promising trade partners were not along

West African Trade Routes



Ghana and Mali both arose as major trade centers of West Africa.

the river or the coast but across the Sahara. Camels allowed traders to cross the Sahara, creating the trans-Saharan trade route that linked Ghana to the empires of the Mediterranean. Ghana traded gold for salt, making it a very wealthy empire and earning the region the name Gold Coast.

Trade with the kingdoms across the Mediterranean eventually brought the

religion of Islam to both Ghana and Mali. In Ghana, a militant group of Muslims attacked the empire, toppling it by force. In Mali, the ruler Mansa Musa was Muslim and encouraged the spread of Islam through the construction of mosques. He also wanted his people to be able to read the Quran, so he created an education system that taught Arabic. This influence is still present in the region today, with

Islam as the most popular religion and Arabic spoken in several modern-day West African nations.



Ancient Greece and the Mediterranean

The earliest known civilization to arise in the area that would later be known as Greece was the Minoan civilization, which dates back to about 2700 BCE. These people produced a great deal of what they needed and traded goods such as wood, olives, figs, and wool with other

Mediterranean-area civilizations, such as Egypt and Mesopotamia.

In about 1500 BCE, the Minoans were replaced by the Mycenaeans. Their civilization in turn gave way to the Greeks around 750 BCE. The Greeks not only sailed the Mediterranean to find trade opportunities but also took advantage of the regular trading stops around the sea and set up colonies there. There was no central, unified government. Rather, each



Think Twice

What can you conclude about Greek trade routes based on the map?

Map of Ancient Greece, 500 BCE



Ancient Greek culture spread through the establishment of colonies at strategic trading points around the Mediterranean Sea.

colony owed its allegiance to the city from which its founders hailed.

One city, Athens, was home to a great deal of important economic activity and change. Prior to 600 BCE, nobles owned the land, and commoners needed to borrow money from them to buy land to farm. This resulted in debts so large that many people sold themselves or their family members into slavery. Athens came to depend on the labor of enslaved people for much of its economy.

Starting in about 600 BCE, a ruler named Solon began implementing reforms, including freeing enslaved people, canceling debts, and creating a system of taxes based on wealth. However, slavery was never completely abolished, and Athens continued to rely on the labor of enslaved people.

A rival city, Sparta, had a different approach to meeting economic needs. Sparta's economy was based on agriculture and military training. All men were required to serve in the military, beginning their training at the age of seven. Sparta's army was large and powerful enough to conquer nearby regions. They then forced conquered people to produce the goods they needed.



The Silk Road

The ancient Greek civilization eventually ceded power to the Etruscans and then the Romans. By about the first century CE, Rome had established contact with the Han dynasty of China via the **Silk Road**, a series of trade routes connecting Europe and Asia. These trade routes built on the Royal Road that had previously existed. Emperor Wu of China expanded trade routes beyond the borders of the Chinese empire, while Roman traders began pushing east as Roman demand for silk grew. In turn, the Chinese sought strong horses like the ones the Romans had. The Han carefully guarded the process of making silk, which allowed them to charge steep prices for it.

Vocabulary

Silk Road, n. a series of trade routes connecting Europe and Asia

Silk and horses were not the only commodities traded along the Silk Road, nor were goods the only things exchanged. Merchants traveling the Silk Road carried not only goods such as silk, paper, gunpowder, spices, and metals but



The Silk Road carried goods, religion, philosophy, and culture between Europe, Africa, and Asia.

also language, religion, technology, and cultural practices. Islam and Buddhism spread throughout the region, along with philosophy and scientific advancements, along the routes of the Silk Road.

The portions of the Silk Road passing through the Arabian Peninsula, at the time part of the Parthian Empire, could be difficult for travelers unfamiliar with the desert climate. Equally challenging for inexperienced traders were maritime routes that featured monsoons and unpredictable winds. Thus, Parthian merchants became vital to the transport of goods from Asia to Africa and the southern Mediterranean region.

These trade networks and cultural exchanges fostered economic and political ties among the Roman, Parthian, and Han Empires, benefiting all three.



Changes to the Silk Road

Although the Silk Road helped Rome create powerful trade alliances, the Roman conquest of Europe eventually led to its downfall. In its place arose the Byzantine Empire. The Byzantines loved silk as much as the Romans, but they didn't trade for it. Instead, the Byzantine emperor Justinian sent two spies disguised as monks to China

to discover the secrets to making silk. They learned to make silk themselves, and its price dropped as the Byzantines began making their own. However, the Silk Road remained an important avenue of trade.

Yet in the East, the Silk Road remained perilous. Warring kingdoms meant that travelers on the roads were often in danger. In the 1200s CE, Mongol leader Genghis Khan rose to power. He wanted to ensure merchants could travel safely along the Silk Road through his territory, so he instituted a permanent military presence along the trade routes. He also forcibly moved many artisans and craftspeople closer to the Silk Road to make their goods easier to guard. He established a communications relay network that allowed messages to be sent quickly along the trade routes. His changes ushered in Pax Mongolica, a time of relative peace and prosperity in the Mongol Empire.



Find Out the Facts

Research Genghis Khan's communications relay network established along the Silk Road. Consider the role this communications network played in increasing the safety of merchants traveling along the Silk Road.

The security of the eastern Silk Road under Genghis Khan ushered in a new era of trade with the West. Large cities in Europe, such as Venice, Florence, and Rome, served as major trade hubs for the Silk Road.

Venetian traveler Marco Polo documented much of the eastern Silk Road during his travels along it in the late thirteenth century CE. Genghis Khan's grandson and then ruler of the Mongol Empire, Kublai Khan, welcomed Marco Polo into his palace and spoke with him at length about Europe. He authorized him as an official emissary in his return voyage as a gesture of goodwill. On his return to Venice, Marco Polo described the beauty and wealth of the Mongolian Empire, as well as its message-relay system, which encouraged even more trade along the routes.

The spread of ideas and technology along the Silk Road following Marco Polo's travels helped usher in the European Renaissance. However, not everything that traveled along the Silk Road was beneficial. The ease of travel led to the spread of the bubonic plague, which likely started in Asia and then devastated much of Europe.

In the 1400s CE, the Ottoman Empire, which lay between the western Silk Road in Europe and the eastern Silk Road in Asia,



Kublai Khan sent Marco Polo back to Venice to help encourage trade along the Silk Road.

boycotted trade with Europe and closed the land routes that passed through the empire. Thus, the long history of trade along the Silk Road ended.

Japanese Feudalism

While the Silk Road connected mainland Asia to the West, the island empire of Japan was not part of this trade network. By 800 CE, Japan had established a **feudal** system in which several wealthy noble families owned large parcels of land. The land was given out to vassals in exchange for their military service. These warriors were known as samurai and oversaw their lands, which were tended by peasants.

The feudal Japanese economy was thus an agricultural one, with each samurai's land providing for itself. What little central government existed had almost no control over these lands and generally could not collect taxes from them because military strength rested with the samurai, who had no incentive to give up their wealth. Samurai themselves trained not only in fighting but also in hunting and fishing, which further underscored the agricultural basis of the feudal economy.

Vocabulary

feudal, adj. describing a system in which nobility gives land to vassals in exchange for military service



The samurai were granted lands by the nobility in exchange for their military service.

Trade did still exist, of course. Artisans and craftspeople sold goods at local markets and formed groups called guilds to help ensure **monopolies** on their products and prevent competition. Samurai and the lords they served also traded with China.

In time, this trade led to more debt as wealthier landowners attempted to increase their material possessions. Incomes from their land led to them borrowing money they were unable to pay back, creating a widening wealth gap between the rich and the poor. Ultimately, this wealth gap led to the concentration of money and power in the hands of a

few powerful families, which resulted in ongoing wars among them in the fifteenth and sixteenth centuries.

Find Out the Facts



The Japanese samurai persisted long after the feudal system in Japan collapsed. Research how the samurai continued their traditions in the new economy of the Edo period.

Pre-Columbian American Economies

Prior to colonization by Europeans, the Americas were home to three great civilizations: the Maya, the Aztec, and the Inca. The Maya and Aztec were in **Mesoamerica**, which stretches from present-day central Mexico to northern Costa Rica. The Inca were in what is now Peru.

Vocabulary

monopoly, n. the complete ownership or control of a resource or industry

Mesoamerica, n. a region stretching from present-day central Mexico to northern Costa Rica

The Maya civilization arose about 1800 BCE, when the Maya people began farming maize. They carefully planned their cities to make the most of farming practices, building densely populated villages surrounded by fields. The vast plains of Mesoamerica, with their warm, humid climate and proximity to rivers and lakes, allowed the Maya to farm not only maize but also cotton, squash, beans, and chilis. They grew cacao and vanilla as well, which were valuable trade goods. Volcanoes in the highlands provided obsidian, which was highly sought in trade throughout Mesoamerica. The salt flats of the Yucatán Peninsula provided the Maya with salt for both their own use and trade with other civilizations.

The Maya civilization shrank dramatically in the fifteenth century CE. The Aztec civilization grew in the southern region of Mexico, when the city-states Tenochtitlán, Texcoco, and Tlacopan formed an alliance. Because they occupied the same area that the Maya once did, their economy was based on similar goods, chiefly maize, squash, beans, and chilis. However, unlike the Maya, the Aztec created significant networks of artificial irrigation, allowing them to grow an abundance of crops they could trade with other peoples. This was possible because the city-states of the Aztec were built on the shores of a large lake. Tenochtitlán was actually in the lake itself. The lake provided additional foods such as fish and water birds, and its waters



Tenochtitlán had access to fish and water birds in addition to crops grown on the plains surrounding the lake on which it was built.

were channeled into aqueducts in the city. The cities became major trade centers, drawing tens of thousands of people daily. Unlike the Maya and Aztec, the Inca did not live on wide, fertile plains. The Inca Empire was located in the Andes Mountains. The city Cuzco, situated in a valley where three rivers meet, allowed the Inca to practice terraced farming up the slopes of the surrounding mountains. The steep changes in elevation created a series of **microclimates** along the terraces, with each one having a different temperature and amount of sunlight per day. These microclimates meant that a small amount of land could be used to grow

many different types of crops, including potatoes, quinoa, and maize. The chilly mountain temperatures also allowed the Inca to freeze-dry food to store it for times of scarcity. However, the highly specialized agriculture meant that work was equally specialized. The Inca had a centralized economy that was entirely traditional—they did not use money within the empire (although they did use money in trade with other peoples). Each person had a job

Vocabulary

microclimate, n. a small area with unique climate because of its geography



The different elevations of the Inca terraces created microclimates in which various crops could be grown.

assigned to them, and the government distributed food and other resources to the people. This ensured precise control of agricultural practices and kept crop yields high.



European Change

The pre-Columbian American civilizations were all changed dramatically by the same thing: European conquest. This conquest had its roots in the Silk Road.

When the Ottoman Empire closed the Silk Road routes that passed through Ottoman lands, European traders began to seek new trade routes to East Asia. One way they attempted this was by sailing west across the ocean, which they did not realize would lead them instead to other continents. When they encountered lands entirely new to them rather than their old trading partners, Europeans began conquering the peoples of the Americas and setting up their own colonies. These were primarily economic endeavors—European rulers wanted new lands and resources. England, more than other countries, created colonies in pursuit of **mercantilism**, an economic policy that attempted to reduce a nation's

need for imports by using colonies as a source of raw materials. The colonies were expected to provide raw materials such as lumber and cotton, and England would in turn send them finished goods such as textiles. **Cottage industries**, in which craftspeople made and sold goods such as furniture and clothing locally, sprang up within the colonies.

In Europe, the **Scientific Revolution**, a period when developments in mathematics, physics, and other sciences led to an emphasis on the power of human reason, helped usher in a new economic era. This was due in part to the bubonic plague, which had devastated the population of Europe. Whereas once the labor of the peasant class was cheap and abundant, the death of millions had made each worker much more valuable. Scientific

Vocabulary

mercantilism, n. an economic policy intended to reduce a nation's need for imports by using colonies as a source of raw materials

cottage industry, n. manufacturing carried out in the home

Scientific Revolution, n. a significant change in scientific thought that occurred in the sixteenth and seventeenth centuries

advancements developed technologies and tools, such as the printing press and the steam digester (precursor of the steam engine), that allowed laborers to get more product from their work.

Major trade routes also underwent changes now that new parts of the world

were available for trade. Portugal sought maritime routes around Africa to Asia, while many European nations began trade across the Atlantic. A network of trade routes known as **triangular trade** was established. In this system, Europeans captured and kidnapped Africans from

Writers' Corner

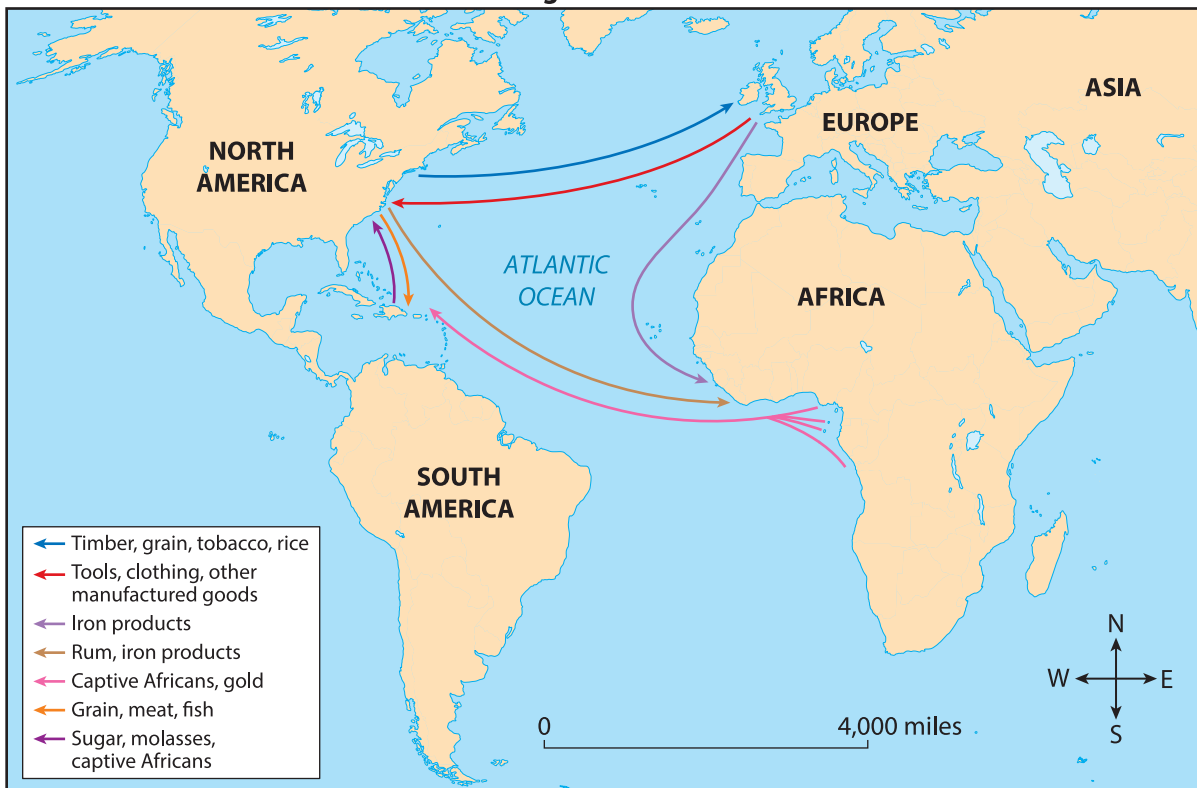
Write a paragraph explaining how the loss of a significant number of workers combined with advancements in technology led to changes that emphasized equality of people.



Vocabulary

triangular trade, n. a network of trade routes that sent captured enslaved Africans to the Americas, raw materials to Europe, and finished goods back to the Americas

The Triangular Trade Routes



The triangular trade routes arose from changes in global trade patterns following the arrival of Europeans in the Americas.

Africa's west coast and took them to the Americas, where they were forced to work growing crops such as sugarcane, cotton, and tobacco. These crops were then shipped to Europe, which in turn sent finished goods such as textiles and luxury goods back to the Americas.

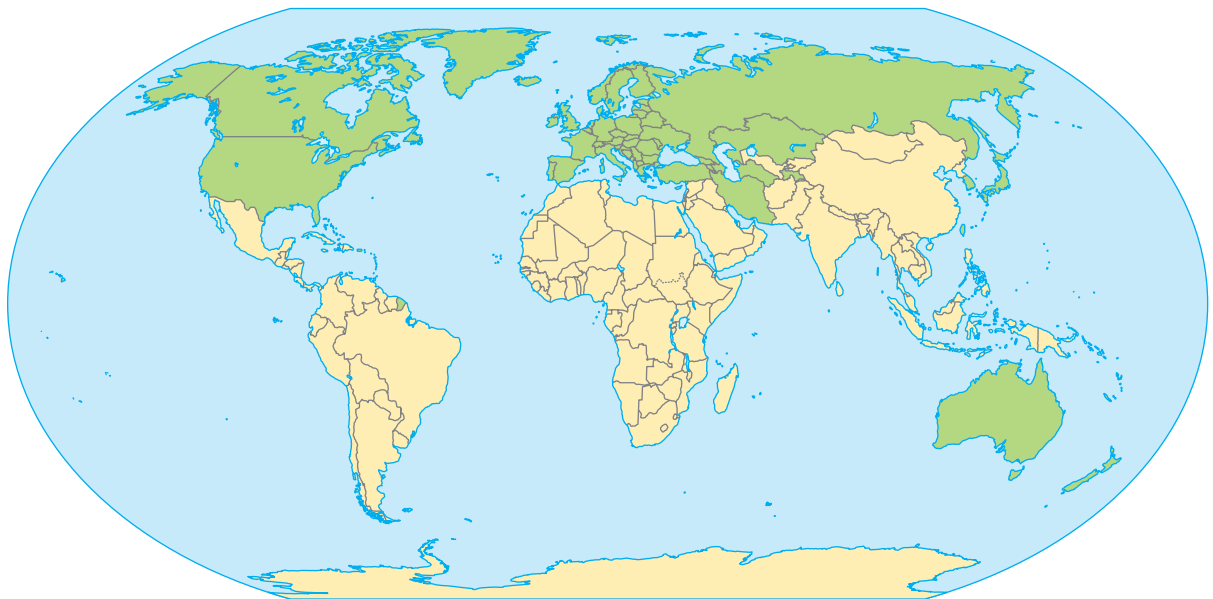


Effects of European Colonization

The effects of Europe's colonization of the Americas and engagement in the slave trade are still felt worldwide today. The practice of mercantilism meant that many valuable raw materials were taken from the land where they were found (both Africa and the Americas) and shipped

to Europe. This concentrated wealth in European hands at the expense of Africa and the Americas.

More important, the use of the labor of enslaved people in the Americas created an economic system that robbed Africa of its population and workforce. The people captured and taken across the Atlantic were not only manual laborers but also skilled architects, scientists, mathematicians, and artists. Moreover, the reduced number of citizens in the West African kingdoms left those kingdoms vulnerable to attack and conquest by Europeans and other kingdoms. These economic effects are apparent in the wealth disparity between what is today known as the Global North and the Global South.



The Global North has substantially more wealth than the Global South.

Although captured Africans were enslaved and forced to work across the Americas, the wealth they provided was mostly sent back to Europe, except in the case of the United States. The British colonies in North America gained independence in 1783, cutting off the flow of wealth from North America back to Great Britain. However, colonies in Central and South America gained independence later, so a great deal of their wealth was still lost to European powers. In addition, these colonies abolished slavery sooner than the newly formed United States, which meant that labor there was more costly.

The Industrial Revolution exacerbated the situation, making cheap, factory-made products available globally, with revenues flowing mostly to Europe and the United States. European colonies in Africa and South America persisted well into the twentieth century, continuing to entrench wealth disparities. By 2000, the average income per person in western Europe was thirteen times that of Africa.



Globalization Today

Modern economies worldwide are connected through **globalization**, which refers to free trade and the use

of inexpensive labor markets in other countries. Even companies that do business locally often still source materials from other countries.

The ease of modern communications across vast distances has led to the rise of many **multinational corporations**, or companies that do some portion of their business in two or more different nations. For example, Coca-Cola does business around the globe, with manufacturing, distribution, and advertising all done in many different countries.

Vocabulary

globalization, n. the state of a worldwide economy that includes free trade and inexpensive labor markets in other countries

multinational corporation, n. a company that has some portion of its business in two or more different nations

Writers' Corner

Do multinational corporations provide an overall benefit or overall harm to global society?

Write a persuasive paragraph explaining your position.





Coca-Cola, a multinational corporation headquartered in the United States, does business in countries all over the world. This soda fountain in Seoul, South Korea, vends Coca-Cola products.

Many multinational corporations take advantage of **offshoring**, or moving some jobs or functions overseas to places

where labor is less expensive. Offshoring can save a company money and thus help it gain a competitive advantage.

However, offshoring can keep wages low in developing nations. Many believe that offshoring also creates **economic imperialism**, in which developing nations are economically dependent on developed ones.

Globalization also ties the economic health of nations together. Overall, the distribution of goods to markets in

Vocabulary

offshoring, n. the policy of moving some jobs or functions of a company overseas to places where labor is less expensive

economic imperialism, n. a situation in which developing nations are economically dependent on developed ones and thus must bend to their will in order to function

multiple nations has raised the standard of living around the world. However, when one economy encounters a crisis, especially when that economy is large, it can affect other economies around the globe. For example, in 2007, the United States

experienced an economic crisis following the crash of the housing market. The next few years saw a recession not only for the United States but for the whole world as the effects spread to other countries.



Effects of the Great Recession, which began in the United States, closed shops in other countries, such as these in England.

Glossary

B

barter, n. the act or practice of trading one good or service for another (49)

C

cottage industry, n. manufacturing carried out in the home (67)

credit, n. a promise to pay in the future for goods or services obtained in the present (50)

D

demand, n. the amount of a resource, good, or service that is wanted (48)

E

economic imperialism, n. a situation in which developing nations are economically dependent on developed ones and thus must bend to their will in order to function (71)

economy, n. the way a country manages its money and resources to produce, buy, and sell goods and services (46)

exchange, n. a trade of one thing for another (49)

F

factors of production, n. resources required to produce a good or service (47)

feudal, adj. describing a system in which nobility gives land to vassals in exchange for military service (63)

G

globalization, n. the state of a worldwide economy that includes free trade and inexpensive labor markets in other countries (70)

M

medium of exchange, n. a material that can be used as payment (49)

mercantilism, n. an economic policy intended to reduce a nation's need for imports by using colonies as a source of raw materials (67)

Mesoamerica, n. a region stretching from present-day central Mexico to northern Costa Rica (64)

microclimate, n. a small area with unique climate because of its geography (66)

money, n. a medium of exchange used in financial transactions (46)

monopoly, n. the complete ownership or control of a resource or industry (64)

multinational corporation, n. a company that has some portion of its business in two or more different nations (70)

O

offshoring, n. the policy of moving some jobs or functions of a company overseas to places where labor is less expensive (71)

opportunity cost, n. the value of the option that was not chosen whenever a choice is made (48)

S

scarcity, n. a limitation to the amount of a resource, good, or service (47)

Scientific Revolution, n. a significant change in scientific thought that occurred in the sixteenth and seventeenth centuries (67)

Silk Road, n. a series of trade routes connecting Europe and Asia (60)

standard of living, n. the wealth, goods, and services available to the people in a certain place (52)

standard of value, n. a unit that can be used to communicate how much something is worth (49)

store of value, n. something that can be saved up and used at a later date (50)

supply, n. the amount of a resource, good, or service that is available (48)

T

trade-off, n. the result of a decision in which something is gained and something else is lost (47)

triangular trade, n. a network of trade routes that sent captured enslaved Africans to the Americas, raw materials to Europe, and finished goods back to the Americas (68)



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