

## Governments and Economic Systems

### The Common Systems of Government and Who Holds Power?

**Democracy:** a government controlled by its citizens, either directly or through representatives

Power Held by: Many people (citizens)

Example: Ancient Athens (direct), U.S.A. (representative democracy)

**Monarchy:** a government in which power is in the hands of a single person who is a member of a royal family

Power Held by: One person (Royal Family)

Example: Louis XIV of France (absolute) Elizabeth II of England (symbolic)

**Oligarchy:** a government in which power is in the hands of a few people – especially one in which rule is based upon wealth

Power Held by: An Enlightened Few

Example: Ancient Sparta – the Ephors

**Communism:** a government based on an economic system in which all means of production – land, mines, factories, railroads, and businesses – are owned by the people, private property does not exist, and all goods and services are shared equally.

Power Held by: Party Chairman and his Appointed Officials

Example: Peoples Republic of China under Mao Zedong, Soviet Union under Lenin, North Vietnam under Ho Chi Minh

**Dictatorship:** a government where a political leader is given absolute power to make laws and command the army for a limited time.

Power Held by: One political leader (various titles taken by that person)

Example: Ancient Rome, Italy under Mussolini, Germany under Hitler.

## Basic Economic Systems

There are three (3) basic types relevant to Global History. Each has its own unique characteristics and difficulties, as indicated in the table below

<b>Type</b>	<b>Decision-Making</b>	<b>Characteristics</b>	<b>Problems</b>
<b>Traditional</b>	Based on past experience, custom, religion	Common to small, primitive, isolated societies; labor-intensive, static, subsistence level, no chance to produce surplus	Not equipped to deal with major change in natural or social environments; with no past patterns or guidelines to follow in emergencies, chiefs or clan elders had to issue orders to deal with dislocations until people could go back to their old ways
<b>Market</b>	Individual producers and consumers	Flexible, rapid change	Business activities fluctuate, making long-term planning difficult; sometimes insecure and unstable
<b>Command</b>	Government planners	Slow-moving, often inflexible	Personal initiative not rewarded; innovation is limited to government sponsored programs; lack of competition affects quality of products