

# Part 1

Business began in the earliest civilizations, those of the Middle East. Part 1 concerns three questions:

- Why did business begin when it did, and not before?
- Why and how did it begin there?
- What subsequent Middle Eastern developments were important to it?

The first part of chapter 1 argues that before societies organized on a scale larger than the tribe, living conditions and human mentality did not conceive of profits. There were plenty of activities that we now identify with business, such as manufacturing and trade, but like celebratory gift exchanges today, they were not conducted for profit as we conceive it, nor could they have been.

The possibility of profit first emerged in the organized irrigation societies of Egypt and southern Mesopotamia, an area known as Sumeria whose natural endowments made trade important. Their leaders—especially in Sumeria—began to accumulate material wealth. Traders could then earn profits, perhaps most often from buying and selling slaves, and use the profits for their own benefit. Other opportunities for profit, such as crop loans,

shipping, and retailing followed. Nevertheless, the social and economic structure of these societies kept business in a marginal role. These were command economies, in which rulers and their supporters monopolized the wealth and, although normally respectful of tradition, distributed it as they saw fit. Business neither created much wealth nor played a significant part in distributing it.

Over the next thousand or so years, culminating in the reign of Babylonia's King Hammurabi, most key business developments followed improvements in government. One was Sargon of Akkad's recognition that in Sumeria a ruler who respected other religious views could govern a larger territory. Larger sovereign territories made for larger markets. Another crucial development was the invention, discovery, or creation of tools that would be essential to business becoming a common and competent activity: calculation, writing, forecasting, and legal systems. Yet another development came in the field of finance, where the needs of Assyrian and Babylonian merchants generated sophisticated innovations for transmitting credit over long distances, such as checks and letters of credit. Yet, even new kingdoms and cities adopted the old social and economic structures. In both old and new command economies, businesses remained economically marginal activities.

Chapter 2 concerns the expansion of business activity from Mesopotamia to the rest of the Middle East under the various empires that new military technology empowered shortly after Hammurabi's death. One truly innovative businesslike form emerged during this time—commercial states like those of the Minoans, Mycenaeans, and Phoenicians. As states that derived at least some of their support from sovereign powers, these were not true businesses. But they did derive much of their income from profitably selling goods and services to willing customers, and usually behaved accordingly.

The other critical business development during the twelve hundred years covered in chapter 2 was the further development of sovereign statecraft. This allowed rulers to govern increasingly large territories longer and more peacefully. In the process they built roads and improved communications, unified diverse communities, and forced many outlying people to join the exchange economy.

Although these measures greatly improved business conditions and led to much more business activity, the empires retained the old social structure, and the choices of the powerful continued to regulate economic life. It would take a more thorough social revolution than the advent of the Iron Age to subject economic life to the desires and purchasing power of the population at large.



Map 1.  
Ancient Middle East, 3000–1000 B.C.E.

