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History of Money

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The use of money is as old as the human civilization. Money is basically a method of exchange, and coins and notes are just items of exchange. But money was not always the same form as the money today, and it is still developing.

The basis of all early commerce was barter, in other words the direct exchange of one product for another, with the relative values a matter for negotiation. Subsequently both livestock, particularly cattle, and plant products such as grain, come to be used as money in many different societies at different periods. The earliest evidence of banking is found in Mesopotamia between 3000 and 2000 B.C. when temples were used to store grain and other valuables used in trade [1].

Various items have been used by different societies at different times. Aztecs used cacao beans. Norwegians once used butter. The early U.S. colonists used tobacco leaves and animal hides. The people of Paraguay used snails. Roman soldiers were paid a “salarium” of salt. On the island of Nauru, the islanders used rats. Human slaves have also been used as currency around the world. In the 16th century, the average exchange value of a slave was 8000 pounds of sugar.

Gradually, however, people began exchanging items that had no intrinsic value, but which had only agreed-upon or symbolic value. An example is the cowrie shell. Metal tool money, such as knife and spade monies, was also first used in China. These early metal monies developed into primitive versions of round coins at the end of the Stone Age. Chinese

coins were made out of copper, often containing holes so they could be put together like a chain. The Chinese invented paper money during the T'ang Dynasty.

Outside of China, the first coins developed out of lumps of silver. They soon took the familiar round form of today, and were stamped with various gods and emperors to mark their authenticity. These early coins first appeared in the Kingdom of Lydia (now in Turkey) in the 7th century B.C. Paper money was adopted in Europe much later than in Asia and the Arab world – primarily because Europe didn't have paper [1].

The First Coins

Between 600 and 700 BC, larger cities and civilizations began to use coins made from metal. Early coins were made of all sizes and shapes. Some coins had holes in the center so they could be carried on a string. Eventually, coins were minted by the local ruler or king. These coins were more precisely made and had a stamp on them saying that they were backed by the king. These coins allowed for easier commerce as they didn't have to be constantly weighed.

The First Paper Money

Paper money was first invented around 600 AD in China. However, it wasn't commonly used as money in China until around 1000 AD. It took a lot longer before paper money was first used in Europe. Banks began to issue banknotes in the 1600s in Europe. At first, a banknote was really just a promise that the bank would give the bearer a certain amount of coins. Eventually, the banknotes began to be used as history of money [2].

First U.S. Money

The first U.S. paper money was Continental Currency which was printed to help finance the Revolutionary War. After the war, the Continental became worthless and coins continued to be the main form of money. During the Civil War, coins became scarce and the government began to print paper

money again. This money was printed with green ink on one side and became known as greenbacks. At first, people still didn't like using paper money, but then the government said they would back the money with gold and paper money became more commonly used.

Credit Cards

Credit cards were first issued in the 1950s and 1960s. In 1958, Bank of America issued a card that would later become Visa. A number of other banks launched a rival card, MasterCard, in 1966. Credit cards have since become one of the most common forms of payment.

Conclusion

The origins of money are veiled in myths. Today, for most people, how money works is still shrouded in mystery. Most young people will want to understand it well enough to know how best to manage money for themselves and their families. Also, as citizens of their localities and countries and the world, many will want to understand how money could serve people's interests better than it does today. The history of money is a work in progress [3].

References:

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