

WHAT WOULD HAPPEN IF EVERYONE IN THE WORLD WAS RICH?

WHAT IS MONEY?

A commodity accepted by general consent as a medium of economic exchange. It is the medium in which prices and values are expressed; as currency, it circulates anonymously from person to person and country to country, thus facilitating trade, and it is the principal measure of wealth.

Meltzer, A.H. and Friedman, M. (2024). Britannica Money. [www.britannica.com](https://www.britannica.com/money/money). Available at: <https://www.britannica.com/money/money>.

WHAT IS THE DIFFERENCE BETWEEN MONEY AND CURRENCY?

Money and currency are often used interchangeably, however, it is sometimes suggested that they are not entirely the same. While money is an intangible concept, currency is its physical representation. In line with that, it is impossible to touch or smell money but it is possible to do so with currency, which could be manifested in the form of coins, notes or any other objects.

The basic form of money is numbers while the basic form of currency is paper banknotes, coins, or plastic cards like credit or debit cards.

Beattie, A. (2022). The History Of Money: From Barter To Banknotes. Investopedia. Available at: https://www.investopedia.com/articles/07/roots_of_money.asp [Accessed 11 Oct. 2025].

THE ORIGIN OF MONEY

Before the concept of money was introduced, people traded goods and services between themselves. It was called a barter system. At first, items such as animal skins, salt and weapons were the most common and most frequently exchanged ones. The value of these items was not always the same, depending on many factors such as region, season or quality, however, this system still remains in-use in some parts of the world.

Introduction of money allowed for faster progression of business. In August 2021 – Chinese archaeologists announced the discovery of the world's oldest coin minting site in Guanzhuang, China. It dates back to 640 BCE and it was the *first standardized form of metal coinage*.

Beattie, A. (2022). The History Of Money: From Barter To Banknotes. Investopedia. Available at: https://www.investopedia.com/articles/07/roots_of_money.asp [Accessed 11 Oct. 2025].



ALTERNATE ORIGIN

George Selgin, a director of the Center for Monetary and Financial Alternatives at the Cato Institute, pointed out in a National Geographic article that this discovery “doesn't change our basic understanding of when the first coins were produced. And it doesn't necessarily mean that China did it first.” He mentions Lydian coins, which upon further research, are said to have been created in the ancient kingdom of Lydia (modern-day Turkey) around 600 - 625 BCE. The coins were made from material called electrum which was naturally found in river beds.

At first, the gold content of the coins was around 55%, with silver making up for its remaining 45%. Later on, the gold content increased to 80 - 90%, with the silver content decreasing to 10 - 20%.



LBMA. (n.d.). Lydian Electrum Coin. Available at: <https://www.lbma.org.uk/wonders-of-gold/items/lydian-electrum-coin>.

THEORIES ABOUT THE ORIGINS OF MONEY

It is currently theorised that there are two main reasons why money was created: to enable barter for merchants and customers, as well as enabling the collection of taxes and debts by the government. This leads to a hypothesis that *money emerges primarily as a political technology, not an economic technology*.

History. (2021). 'World's oldest' coin factory discovered in China. Available at: <https://www.nationalgeographic.com/history/article/worlds-oldest-coin-factory-discovered-in-china>.



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PAPER CURRENCY

In 1260 CE, the Chinese Yuan dynasty switched coins to paper bills, whereas some parts of Europe used coins as their sole form of currency until the 16th century. European conquests of new territories allowed for acquisition of precious metals which in turn enabled creation of more coins. Eventually, even those were replaced by paper banknotes due to banks, however, it was still possible to exchange the banknotes for their face value in metal.

The only difference between this system and the one functioning in the modern world was that back then, currency was issued by banks and private institutions, while nowadays it is the government's task.

The first paper money issued by a European government was created in its North American colonies. Because shipments of coins from Europe were slow, the colonies often faced cash shortages. To solve this, colonial governments issued IOUs that circulated as currency. The earliest example occurred in 1685 in New France (Canada), when soldiers were paid with playing cards signed and denominated by the governor to serve as money instead of French coins.

CURRENCY WARS

- shift to paper money increased international trade in Europe
- first currency market - banks and ruling classes buying currencies from other nations
- stability of a particular monarchy or government = value of the country's currency = country's ability to trade on international currency market
- currency war
 - driving the currency's value up = goods too expensive

- driving the currency's value down = enemy's buying power is lower
- eliminating the currency

MOBILE PAYMENTS

- 21st century - payment activated with the touch of your finger, accessible on phones or tablets
- allowed for transferring money to other individuals
- first occurred in Asia and Europe and then moved on to North America
- checks could now be deposited through text messages and later on through camera on mobile devices