

Listening script

Unit 14

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As we continue our series on customs and traditions that influence the values and principles of all societies in the world, today we're going to talk about money. It is easy to think of money as just an economic tool in the world of finance, but it also has a social and psychological dimension. It is woven into the fabric of our society and thinking, and as such has, through history, despite people's criticism of its pursuit, helped lay down the standards and the ethics that govern modern society.

First of all, to look at the history of money we need to ask ourselves what money is. Money is, in fact, an invention of the human mind, ... which is made possible because we as human beings are able to give value to symbols. And money is one of the most important symbols in all societies because it represents the value of goods and services. If we accept any object as money – say a gold coin or a digital bank account balance – both the user and the wider community have to agree to this. So, all the money that we use today has ... mmm ... not just an economic dimension, but a psychological and a social one as well.

Before we look at so-called 'commodity money' ... with the introduction of coins and representative money, let's go back to the time of bartering. Before money was invented, bartering was the main way to exchange goods. An individual who had something of value, such as some grain, could directly exchange the grain for another item, which was seen to have an equivalent value, like a small animal, or a tool. The seller of the grain, of course, had to find someone who wanted to buy it and who could offer in return something the seller wanted to buy. There was no common medium of exchange such as money into which both seller and buyer could convert the commodities they wanted to trade.

So, the first stage in the evolution of money was commodity money. This involved accepting objects or commodities, such as grain or metals or animals, as being inherently valuable so they could be used as a common standard of measure and unit of exchange. People could accept any of these objects as money because they had inherent use value for every individual. ... And, therefore, they

would be widely accepted by other people.

All metals were accepted because they could be easily converted into precious tools, for instance, axes and spades. Metals such as gold and silver also had secondary advantages. They were also easy to identify and visually attractive. Gold, silver, copper as well as other usable objects such as salt and peppercorns are categorised as commodity money, since they combine the attributes both of a usable commodity and a symbol.

So people accepted foods and metals as money because they were sure of their value to themselves and to other people.

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Then came metal coins, which were another step in the evolution from usable commodities such as grains to ... symbolic forms of money.

Metal had a use value of its own, but coins became accepted in trade for their symbolic value. They acted as a standard measure for exchanging other goods and services of value rather than for the use of the metal they contained.

The next stage in the evolution of money is that of representative money. Representative money is symbolic money that is based on useful commodities, such as the warehouse receipts issued by the ancient Egyptian grain banks, and more recent forms of paper currency that were backed by gold or silver. The adoption of representative money was a significant evolution in human consciousness. Psychologically, the individual had to transfer the sense of value from a usable material object to an abstract symbol. Socially, groups of people had to agree on the common usage of the same symbol.

The invention of representative money then had a profound effect on the evolution of both money and society and ...