



Now listen and check your answers.

C Listening

- You're going to listen to someone talking about the history of money. Before you listen, read through the statements below. Do you think they are true or false?
- The earliest kind of money was used about 3,000 years ago. T F
 - Shells were used as a kind of fiat money. T F
 - The first metal coins appeared in Greece. T F
 - The first coins were round. T F
 - Paper money first appeared in China. T F
 - The idea of paper money travelled quickly to Europe. T F

Before you listen

Discuss the following with your partner:

Disadvantages	Advantages	Examples	Commodity Money	Fiat Money
not (1) way to trade goods don't (2)	simple to understand	swapping eggs for milk	(3) and (4)	(8) and (9)
not (6) agrees on its value	allows you to store (5)			
lack of liquidity means money can't (7) easily	value is (10) by the government			

Complete the table with information from the text.

B Comprehension

With commodity money, the thing used for buying goods has inherent value. For example, gold has inherent value because it is rare, beautiful and useful. Salt has inherent value because it makes food tasty. If you could buy things with a bag of salt, it meant you could keep a store of salt and buy things anytime you needed them. In other words, commodity money can store value.

Using commodity money was much more convenient than ordinary bartering, but it still had drawbacks. One of these drawbacks is that commodity money often lacks *liquidity*. Liquidity refers to how easily money can circulate. There is obviously a limit to how much salt you can carry around! There's another problem with commodity money: not everyone may agree on the value of

The solution is to create a kind of money that does not have any real intrinsic value, but that represents value. This is called *fiat money*. The coins and notes that we use today are an example of fiat money. Notes don't have any inherent value - they are just paper. However, everyone agrees that they are worth something. More importantly, their value is guaranteed by the government. This is the reason why pounds and dollars and the world's other currencies have value.