

Stuff You Should Know About Money

We all use it. It's so common we call it common currency. Most of us know very little about it. Too little, in many cases. Find author Bill Allin at <http://billallin.com>

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First of all, money does not have and was never intended to have any intrinsic value. Anyone who values money for its own sake ("The king is in his counting house counting out his money") has a mental illness.

Money was invented (some form of it dates back 5000 years) as a convenient way to equalize exchanges, such as payment for work done or to balance out a barter exchange.

The gathering of people into villages and towns created the first need (after defence of the tribe) for public services, which meant taxes. Egypt and Mesopotamia exacted taxes in the form of goods and labour five millennia ago. By 2500 BCE they had begun to accept silver and gold bars as currency--the pyramids were not built by those who could afford to buy their way out of service to the pharaoh.

Religious temples were the first banks. Currency made theft easier, more convenient. Temples were the biggest and most secure structures in the ancient world, so they became the places to store money and other valuables.

Temple priests were the first bankers, ensuring their personal security by 1750 BCE by making loans to followers who needed cash for a short term. Mortgages, especially of the sub-prime variety, were still a long way in the future.

The world's oldest surviving bank, the Banca Monte dei Paschi di Siena, was founded as a pawn shop in Italy, in 1472.

Paper money goes back much further, at least in China. The emperors issued paper currency in China as early as 910 CE, three centuries before Marco Polo arrived.

Though suitably impressed with the concept of paper currency, Marco was alarmed at how much of it the emperor of the day, Kublai Khan, was printing. The Khan, trying to generate enough wealth to pay for an invasion of Japan (and eventually to conquer all of the eastern world), caused inflation to soar.

Of the tens of thousands of boats he sent to Japan, almost every one sank in a typhoon, never reaching the shores of Japan, because they were built in a cheaper style of a kind suitable for travelling on rivers, not seas. His power and influence in China never recovered.

China ended its first attempt at paper currency in the 15th century as the country exhausted itself through inflation caused by printing too much money. China, the most powerful and innovative country in the world, with explorations to every part of the globe and trading partners in all popular ports, ended its exploratory and trading ventures around the world (crippling the shipping industry) after the Kublai Khan debacle.

The U.S. learned how convenient it was to print money for Civil War costs when it created the "greenback" in July, 1861. After the war, the value of the U.S. dollar had decreased, but the Confederate dollar was worthless.

The U.S. today has about \$829 billion in coin and paper money in general circulation. Two-thirds of it is held in other countries.

A study of paper money around the world revealed in 2008 that U.S. cash had more cocaine residue on it than the currency of any other country. Also found on paper money were staphylococcus bacteria and fecal residue. (Don't ask. Don't tell.)

Around 1916, a U.S. citizen could carry his cash to Washington, D.C. and have it washed, ironed and reissued. I wonder why...oh, right.

The old saying that money doesn't grow on trees is correct. U.S. bills are 75 percent cotton, 25 percent linen. Some countries use at least some man-made fibres. Expect some plastic to appear in "paper" money soon.

As counterfeiting has been a booming enterprise since money was invented (some of us are old enough to remember having to bite some coins to ensure they weren't counterfeits loaded with lead), mints have to continually invent new ways to counteract it. The latest U.S. five dollar bill has more than 650,000 tiny glass domes that create an optical illusion the government hopes will be impossible (or at least economically unfeasible) to duplicate.

Poor Frank X. McNamara. Back in 1949 he took friends out to dinner in New York City, then realized to his shock that he had forgotten his cash when it came time to pay up. He promised himself to never find himself in a position like that again. He invented the first credit card, Diner's Club.

The first Diner's Club card wasn't plastic, but cardboard. It listed the 14 restaurants who were prepared to accept the card on the back. It had an annual fee of three dollars.

John Shepherd-Barron, a Scottish inventor, gets the credit for inventing the first undefined ATM. He created it in 1967 for Barclay's Bank in North London. His concept was based on the same technology as chocolate bar dispensers.

Since plastic cards had still not appeared, Shepherd-Barron's machine accepted only specialized cheques that were dotted with identifying traces of radioactive carbon-14.

Um, radioactive? Yup. Shepherd-Barron claimed that users of the Barclay's cheques "would have to eat 136,000" of them to have any dangerous effects.

Once a specialized Barclay's cheque was entered into his ATM, the user would key in a four digit PIN to confirm identification.

And so began the age of having to remember passwords.

Bill Allin

Turning It Around: Causes and Cures for Today's Epidemic Social Problems, a guidebook for teachers and parents who want to address the developmental needs of their children at the right time, not too late as often happens.

Learn more at <http://billallin.com>

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