

History of Finance

8.1

- Before people exchanged money for goods and services, they used to exchanged goods and services for goods and services.
- Exchanging goods or services for goods or services is called bartering.
- In history, livestock was an important commodity in barter system.

- Approximately 4000 years ago, people started to exchange goods and services for shells, pebbles and other small desired objects. These objects had the same role as coins. The oldest known currency are shell from China.

- The oldest coin known today is a Lydian coin minted 600 BCE in a kingdom of Lydia – present Turkey.



- The oldest currency that is still in use is the Greek Drachma

- Paper money was invented in China at around 970.

Consumerism = a social and economic order that results in overproduction and overconsumption of goods and services. It results in depletion of natural resources, energy, and pollution.

Minimalism = a social and economic order that encourages removal of anything that is distracting, superfluous, or unnecessary.

- Minimalist approach to spending money prevents you from buying things you only want rather than really need. Minimalism prevents you buying things because they are fashionable or because they are on sale.

Material Consumption = is a process of obtaining resources and energy to create material things that are then distributed, consumed and eventually disposed of.

Examples:

1. Extraction

2. Production

3. Distribution

4. Consumption

5. Disposal