

The History of Money



Warm-up questions

1. Do you like to save money or to spend it?
2. How much money do you usually have in your wallet?
3. If you received ¥10,000, how would you use it?
4. What's one small thing you regularly spend money on?
5. What's one money-saving tip you've found really effective?

Vocabulary

- | | |
|-------------------|--------------------------|
| 1 bills | 13 wealthy investor |
| 2 barter system | 14 invest |
| 3 trade | 15 make profits |
| 4 equal | 16 get access to |
| 5 600 B.C. | 17 value |
| 6 ancient country | 18 prices rise |
| 7 bank account | 19 ordinary people |
| 8 government | 20 inflation |
| 9 loan | 21 tool |
| 10 increase | 22 influence the economy |
| 11 total | 23 include |
| 12 benefit | 24 money flows |

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Today, we use money every day. We buy things, pay bills, and save for the future. But where did money come from? How is more money made? And who really controls it?

A long time ago, people lived without money. They used the barter system—trading goods for other goods. For example, a farmer might give rice to get clothes. But barter had problems. What if the other person didn't want rice? Or what if the trade didn't feel equal?

To make trade easier, people started using special items as money, like shells, salt, and later, metal coins. Around 600 B.C., the first real coins were made in Lydia, an ancient country near Turkey. Paper money began in China about 1,000 years ago.

Today, most money isn't coins or bills. It's digital money—numbers on a screen. We use credit cards, apps, and bank accounts. But did you know that more and more money is being created every year? Where does it come from?

Money is not just printed by the government. In fact, most new money is created by banks. When a bank gives someone a loan—for example, to buy a house or start a business—it doesn't take money from a box. It creates new digital money by typing numbers into an account. This is called credit creation, and it increases the total money in the world.

So who benefits from this system? Mostly, big banks and wealthy investors. They can use new money to invest and make profits. They get access to money early—when it has more value—before prices rise. This idea is sometimes called the “Cantillon Effect.” On the other hand, ordinary people usually receive money later, after inflation has made things more expensive.

In this way, money is not only a tool for trade. It is also a system of power. Those who control money—central banks, large banks, and governments—can influence the economy, and sometimes even society itself. Their goals may include helping the economy grow, but also keeping control over how money flows and who gets access to it.

Money helps society work, but it also creates winners and losers. That's why we should learn how money works—not just how to spend it, but how it's made and used.

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Comprehension Questions

1. What system did people use before money was invented?
2. When and where were the first real coins made?
3. What kind of money do we mostly use today?
4. Who creates most of the new money today?
5. Why do rich people benefit more from the money system?

Complete the sentence.

- 1 Today, most money is _____.
- 2 Money helps society, but it also _____.
- 3 In my opinion, ordinary people should _____.
- 4 Digital money is useful, but I worry about _____.
- 5 To improve the system, we could _____.
- 6 It's important to understand how _____.

A stylized illustration of a blue house with a yellow door and windows. The house has a grey roof and a chimney on the right side. Several white circles with smiling faces are floating around the house, suggesting a happy or positive atmosphere.

Questions:

1. Do you think the current money system is fair?
2. Should ordinary people be taught more about how money is made?
3. What do you think about digital money?