6. BITCOIN AND OTHER FUNNY MONEY INVESTING

BITCOIN HAS EVOLVED AS THE CURRENT, MOST DISCUSSED AND POPULAR VIRTUAL MONEY. ONE OF THE MOST IMPORTANT QUESTIONS FOR OUR ECONOMIC FUTURE IS HOW MUCH OF THE WORLD'S FINANCIAL SYSTEM WILL ADOPT BITCOIN OR ANOTHER VIRTUAL CURRENCY.

THE REPLACEMENT OF U S DOLLAR DENOMINATED MONEY AS THE WORLD'S MOST UTILIZED MEDIUM OF EXCHANGE IN TRADE AND TRANSACTIONS IS NOT LIKELY ANYTIME SOON. A SHORT HISTORY OF MONEY, FROM INVESTOPEDIA, FOLLOWS AS BACKGROUND INFORMATION.

The History of Money: Bartering to Banknotes to Bitcoin

From bartering to banknotes to Bitcoin

The terms money and currency are often used interchangeably. But several theories suggest they are not identical. According to some theories, money is inherently an intangible concept. Currency, on the other hand, is the physical or tangible manifestation of the intangible concept of money.

According to this theory, money cannot be touched or smelled. Currency is the coin, note, object, or physical representation that is presented in the form of money. The basic form of money is numbers while the basic form of currency is paper banknotes, coins, or plastic cards like credit or debit cards. Though this distinction between money and currency is important in some contexts, for the purposes of this article, the terms are used interchangeably.

KEY TAKEAWAYS

- Money is a medium of exchange with a recognized value that was adopted to make it easier for people to trade products and services with each other.
- The history of money crisscrosses the world as various cultures recognized the need to simplify trade by introducing a single, portable token of value into the process.
- People bartered before the world began using money.
- The world's oldest known coin minting site was located in China, which began striking spade coins sometime around 640 BCE.
- Since then, the world adopted banknotes and moved into digital forms of payment, including virtual currencies.

What Is Money?

Money doesn't always have value whether it's represented by a seashell, a metal coin, a piece of paper, or a string of code mined electronically by a computer. With global wealth estimated to be about $454.4 trillion at the end of 2022, the value of money depends on the importance that people place on it as a medium of exchange, a unit of measurement, and a storehouse for wealth.[1]

Money allows people to trade goods and services indirectly. It helps communicate the price of goods and provides individuals with a way to store their wealth. It is valuable as a unit of account—a socially accepted standard by which things are priced and with which payment is accepted. However, both the usage and form of money have evolved throughout history.

One of the greatest achievements of the introduction of money was the increased speed at which business, whether it involved mammoth slaying or monument-building, could be done.

From Bartering to Currency

Money has been part of human history for at least the past 5,000 years in some form or another. Before that time, historians generally agree that a system of bartering was likely used. Bartering is a direct trade of goods and services.[2]

For example, a farmer may exchange a bushel of wheat for a pair of shoes from a shoemaker. However, these arrangements take time. If you exchange an axe as part of an agreement in which the other party is supposed to kill a woolly mammoth, you have to find someone who thinks the tool is a fair trade for having to face down the 12-foot tusks of a mammoth. If this doesn't work, you would have to alter the deal until someone agreed to the terms.

A type of currency slowly developed over the centuries that involved easily traded items like animal skins, salt, and weapons. These traded goods served as the medium of exchange even though the value of each of these items was still negotiable in many cases. This system of trading spread across the world and still survives today in some parts of the globe.

FOR THOUSANDS OF YEARS ANYTHING THAT SERVED AS A "MEDIUM OF EXCHANGE" FUNCTIONED AS MONEY. FROM THE CIRCULAR STONES, CALLED **YAP** IN THE ISLANDS, THE SCRIP MONEY CREATED ON SEA ISLAND, GEORGIA, DURING OUR GREAT DEPRESSION. SINCE CURRENT MONEY IS RARELY BACKED THE ONLY REAL INGREDIENT NECESSARY FOR SOMETHING TO ACT AS MONEY WAS ACCEPTABILITY BY BOTH BUYERS AND SELLERS.

A SAMPLE OF SCRIP FROM SEA ISLAND BELOW:

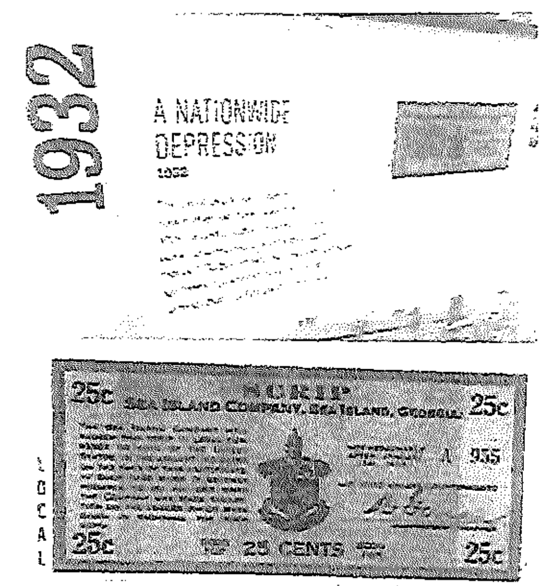
It's in the "Scrip"

By: Mandy Roberson, Teacher Candidate from the College of Coastal Georgia

Materials needed:

- Pencil

The Stock Market Crash of 1929 caused thousands of people to lose their investments and billions of dollars. This period of time is known as the Great Depression. Many people were unemployed and had little confidence in financial institutions. Banks closed, causing a shortage of cash. Because of the shortage of cash, businesses such as Sea Island Company paid their employees in "scrip." Scrip was a type of currency that could only be used at local stores. People used scrip to buy things they needed.



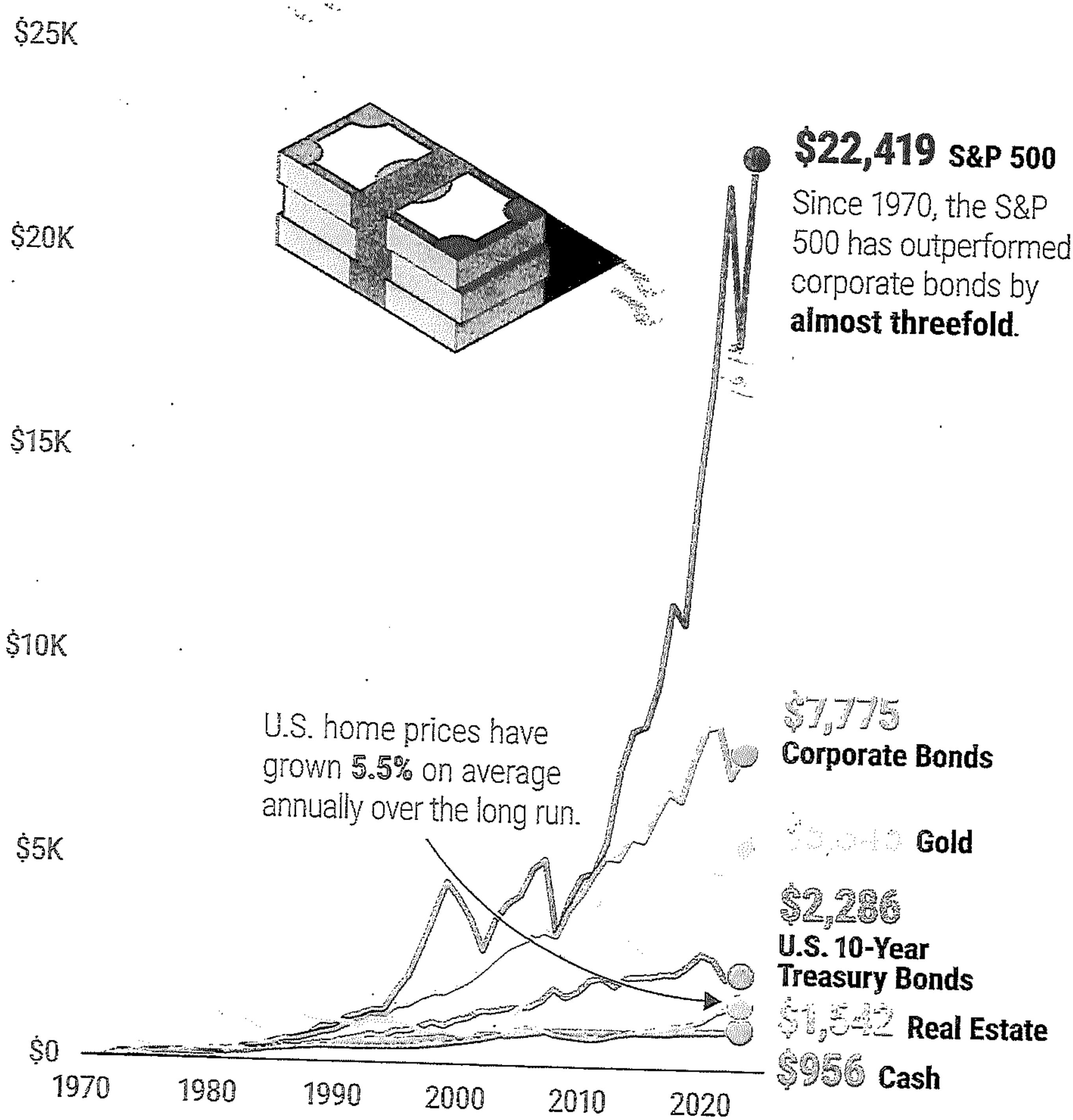
WEALTH BUILDING IS A LIFE**LONG** ACTIVITY, EMPHASIS ON THE LONG-TERM. BITCOIN INVESTING, DAY TRADING, PENNY STOCKS AND FAD INVESTING ARE COMMON EXAMPLES OF SHORT-TERM ATTEMPTS TO GROW WEALTH QUICKLY. NO DOUBT LOTS OF MONEY HAS BEEN MADE USING THOSE TECHNIQUES; HOWEVER, THE TRIED-AND-TRUE METHOD IS TO "GET RICH SLOWLY" BUYING STOCKS & BONDS OF MATURE, SUCCESSFUL COMPANIES IN

GOOD BUSINESSES THAT ARE STABLE, GROWING AND INNOVATIVE. CHOOSE STOCKS OR BONDS THAT AREV HIGH-QUALITY AND DIVIDEND OR INTEREST PAYING INVESTMENTS. THESE CAN EASILY BE PURCHASED AS INDIVIDUAL SECURITIES OR IN AN INVESTMENT COMPANY LIKE A MUTUAL FUND, OPEN OR CLOSED-END, OR ETF's, WITH PROFESSIONAL MANAGERS AND GOOD LONG-TERM TRACK RECORDS, AND REASONABLE EXPENSES.

HERE'S A ONE PAGE CHART THAT'S WORTH THOUSANDS OF WORDS:

Growth of $100 by Asset Class

1970-2023



S&P 500 includes dividends. Cash represented by 3-Month U.S. T-Bills. Corporate Bonds represented by Baa corporate bonds. Real Estate represented by the Case-Shiller Home Price Index. Source: NYU Stern.

MARKETS IN A MINUTE

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