



對外經濟貿易大學
UNIVERSITY OF INTERNATIONAL BUSINESS AND ECONOMICS

Chapter 6

Money





I. 教学目的

By the end of the chapter, students should be able to know about:

- The fundamentals of money;
- The functions of money;



II. 教学计划

This chapter will cover 3 hours. 2 hours for the introduction of background information and explanations of terms and the texts. And the other 1 hour for discussion and practice.



III. 教学方法

- Translation: key sentences.
- Paraphrasing: key words and expressions
- Summarizing: key passages.
- Discussion: important issues.
- Questions and answers: interaction between teachers and students.



IV. 背景知识

- What do cowrie shells, whales teeth, nickels, and dimes have in common? Why are they all examples of money?
- Money is any commodity or token that is generally acceptable as a means of payment for goods and services.



Gresham's Law

- ◆ It refers to the tendency for bad money to drive good money out of circulation. The law was first proposed by Sir Thomas Gresham, who was at that time the adviser of Queen Elizabeth I). According to his view of Bad money driving out good money expressed in 1558, when the public feel doubtful about some parts of the money supply, they will hoard the good money and try to transfer the bad money to others.



IOU

I owe you; putting down these letters on a piece of paper with figures of a specified sum of money owed to others and signing the name and date, then a simple liability confirmation sheet is composed. It is kept by the creditor as attestation of the liability that can be presented in court as proof. It cannot be circulated and is not promissory note.

Fiat money



- ❖ **Fiat money or fiat currency**, usually paper money, is a type of currency whose only value is that a government made a *fiat* that the money is a legal method of exchange.
- ❖ Unlike commodity money or representative money it is not based in another commodity such as gold or silver and is not covered by a special reserve.



- ◆ Fiat money issued by government is now legal tender in all modern national economies since the collapse of the Bretton Woods regime of fixed exchange rates linked to a gold-backed dollar in 1971.
- ◆ E.g. The bills and coins that we use in the United States today: the paper with special watermark, printed in green ink.
- ◆ The replacement of commodity money enables the commodities themselves to be used productively.

V. 重点讲解

1. 概念讲解

➤ Commodity money



➤ Convertible paper money



➤ Fiat money



➤ Private debt money



Private Debt Money

◆ A loan that the borrower promises to repay in currency on demand.

◆ E.g. IOU

The checkable deposit at commercial banks and other financial institutions.

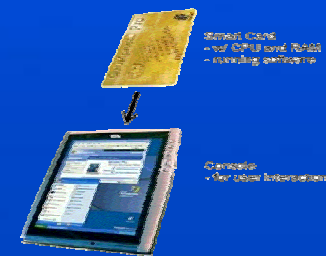


◆ Commercial notes

- Short-term, unsecured, discounted, and negotiable notes sold by one company to another in order to satisfy immediate cash needs.
- Include:
 - ◆ promissory note
 - ◆ draft
 - ◆ check ...

Electronic money

- ◆ By its decentralized, distributive nature, electronic money has the same potential for transforming economic structure as personal computers did for overhauling management and communications structure.
- ◆ Advances in three technological areas have made the widespread use of electronic cash economically viable, spurring interest in e-money.





◆ These advances are:

- reliable, quick networked communications with a low cost per transaction;
- better computer technology, allowing for the mass production of computer chip cards; and
- powerful public domain cryptography, to help ensure privacy and prevent fraud (see Appendix II for more on cryptography and electronic commerce).

Examples

- ◆ Electronic Check
- ◆ Internet Payment System
- ◆ Credit Card Service






Examples of four functions

- ◆ Medium of exchange:
 - you should **pay** \$5 to get something.
- ◆ Unit of account
 - You should pay **\$5** to get something.
- ◆ Store of value
 - You can **deposit your money** when you don't need them sometimes.
- ◆ Standard of deferred payment
 - You should **repay a certain amount of money** after you borrow some money.



Fractional Banking

- ◆ It refers to the banking system in which it is required to keep a specified ratio between all bank deposit and cash. This requirement is good to the safety and liquidity of the banking system. 比例制银行业务，指强制全部银行存款与现金保持一定的比例的银行制度。这种强制性要求对于银行系统的安全和流动性是有益的。


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- ◆ opportunity cost 机会成本
 - ◆ double coincidence of wants 双方的需求一致
 - ◆ commodity money 商品货币
 - ◆ convertible paper money 可兑换纸币
 - ◆ fiat money 法定货币； 不兑现货币； 名义货币
 - ◆ debasement 减少价值，降低纯度
 - ◆ good money 良好货币，良币
 - ◆ bad money 劣币
 - ◆ greenback 美钞，美元的别称
 - ◆ watermark 水印
 - ◆ checkable deposit 支票存款



2. 句子讲解


1. The occurrence of a double coincidence of wants is sufficiently rare that **barter** exchange would leave potential gains from specialization and exchange unrealized.

译文：双方需求一致发生的机率非常之小，直接的物物交易丢下了那些蕴藏在特定的和未实现的交易中的潜在收益。




2. Money guarantees that there is always a double coincidence of wants. People with something to sell will always accept money in exchange for it, and people who want to buy will always offer money. Money acts as a lubricant that smoothes the mechanism of exchange. It lowers the costs of making transactions.

译文：货币保证了双方的需求总会一致，想要卖东西的人总会乐于接受货币作为交换，想要买东西的人也无一例外地支付货币，货币充当了保证交易机制顺畅运行的润滑剂，并且降低了交易的成本。




3. An agreed measure for stating the prices of goods and services is a unit of account. To get the most out of your budget, you have to figure out, among other things, whether seeing one more movie is worth the price you have to pay, not in dollars and cents, but in terms of the number of ice cream cones, sodas, and cups of coffee that you have to give up.

译文：用以标定商品和劳务价格的统一的标准就是价值尺度。为了充分利用你的预算，你必须精打细算，看看与其他东西相比，多看一场电影是否物有所值，但这不是以圆和分来衡量，而是要根据你不得不放弃几只蛋筒冰淇淋、几瓶汽水或几杯咖啡来判断。




4. There are no stores of value that are completely safe. The value of a physical object such as a house, a car, or a work of art fluctuates over time. The value of a commodity or token used as money also fluctuates, and when there is inflation, its value persistently falls.

译文：没有完完全全安全的价值贮藏物，某一具体的物体，比如一座房屋、一辆汽车或一件艺术品，其价值随时间而波动，作为货币的商品或代币物，其价值同样也会波动，当通货膨胀时，它的价值持续下降。



5. Using money as a standard of deferred payment is not entirely without risk because, inflation leads to unpredictable changes in the value of money.

译文：利用货币作为延期支付的手段并非毫无风险，因为通货膨胀可能会使货币价值发生不可预测的变化。



6. But, to the extent that borrowers and lenders anticipate inflation, its rate is reflected in the interest rates paid and received. Lenders in effect protect themselves by charging a higher interest rate, and borrowers, anticipating inflation, willingly pay the higher rate.

译文：但是，根据债务人和债权人对通货膨胀程度的预计，风险由双方支付和获取的利息率所反映，债权人通过索要更高的利率有效地保护了自身的利益，而债务人在预计到通货膨胀后，心甘情愿地支付高利率。