

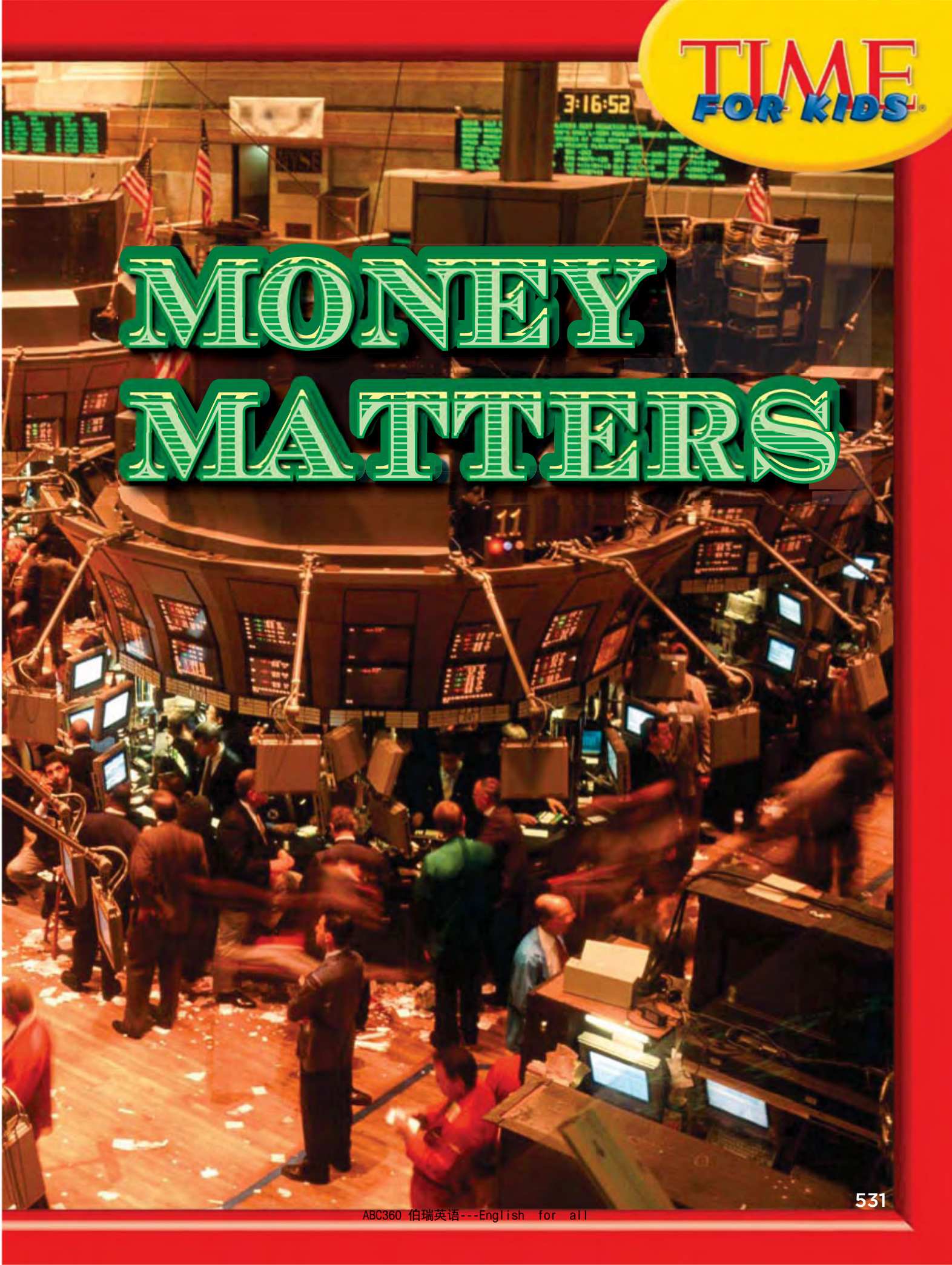
Talk About It

How does money affect the lives of individuals, societies, and nations?



Find out more about money matters at www.macmillanmh.com

MONEY MATTERS



Vocabulary

economists
continuous
chronology
debut
periodic



MONEY TALK

Elections are often influenced by economic issues such as whether to cut or raise taxes. In a debate, here's how one student made the case for cutting taxes:

“If the President and Congress lower taxes, we will have more money to spend. More money would be available in the economy, because the money we spend would go to the businesses we buy from. This would have a good effect on the economy, because businesses would then have more money to expand. [Then they could] hire more people, who will work and pay taxes.”

In order to truly evaluate this argument, it is important to understand how the economy works. But **economists**—scientists who study how money, goods, and services are

used—sometimes seem to have their own language. Here are definitions of four words that are often used by economists and politicians.

ECONOMY: the system a country uses to manage money and resources

INFLATION: an increase in the availability of money and credit that is out of proportion to the goods and services available, causing a **continuous**, ongoing rise in prices and a decrease in the value of money

INTEREST: the fee paid to use borrowed money, such as the interest on a loan; or, the fee a financial institution pays to hold customers' money on deposit, such as the interest on a savings account

UNEMPLOYMENT RATE: the percentage of workers who don't have jobs and are actively looking for jobs

U.S. PAPER MONEY: WHO AND WHAT IS ON IT

Bill	Who's on the Front?	What's on the Back?
\$1	George Washington	The front and back of the Great Seal of the U.S.
\$2	Thomas Jefferson	The signing of the Declaration of Independence
\$5	Abraham Lincoln	Lincoln Memorial
\$10	Alexander Hamilton	U.S. Treasury Building
\$20	Andrew Jackson	White House
\$50	Ulysses S. Grant	U.S. Capitol
\$100	Benjamin Franklin	Independence Hall in Philadelphia, Pennsylvania

DID YOU KNOW...?

- The **chronology** of currency in the American colonies dates back to 1690, when the Massachusetts Bay Colony issued the first paper money.
- The **debut** of paper money issued by the federal government occurred in 1862, during a coin shortage. The U.S. Treasury issued bills in denominations of \$1, \$5, \$25, and 50 cents.



- While the government makes **periodic** use of larger bills, the \$100 bill is the largest that is now in general circulation.
- Bills that get worn out from everyday use are taken out of circulation and replaced. A \$1 bill usually lasts 18 months; \$5 bill, two years; \$10 bill, three years; \$20 bill, four years; and \$50 and \$100 bills, nine years. In contrast, circulating coins last about 25 years.

OLD MONEY

BEFORE COINS, the ancient Greeks used iron nails as money, the ancient Britons used sword blades, and the ancient Chinese used swords and knives.

CHINESE COINS had holes in the center so they could be strung together like beads, which made carrying them easier.

EUROPEANS LEARNED about paper money from the Chinese.

SOME AMERICAN COLONISTS used wampum as money.

THE HERCULES COIN was introduced by Alexander the Great in 325 B.C.

COWRIE SHELLS have been used as money in many cultures.



LOG ON Find out more about the history of money at www.macmillanmh.com