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BARTER SYSTEM AS THE HISTORICAL FOUNDATION OF THE MONETARY ECONOMY

We analyze this topic from the point of double perspective – on one hand as the part of the unit of professional-oriented English lesson and on the other in economic dimension. Based on the program material of English for Economist we must point out that learning a foreign language in professional orientation ensures the development of the integral competence of a Bachelor of Economy specialty - the ability to solve complex specialized problems and practical problems in the field of Economy, banking and insurance, or in the course of study involves the application of certain theories and methods of relevant science [3]. So this theme is interdisciplinary – it comprises both professional English and economic issues.

The subject matter of our work is to generalize the economic notion of a barter system and to describe its historical evolution. We want to begin from the thought that almost every society has a money economy based on coins and paper bills of one kind or another. However this has not always been true. In primitive societies a system of barter was used. Barter was a system of direct exchange of goods and services for goods and services. Barter will serve man's requirements quite adequately when he provides most of his needs directly and relies upon market exchanges for every thing he wants. As the extent of specialization increases, the barter system proves very inefficient and frustrating. In the simplest societies each family will provide by its own efforts most of its needs and perhaps with some small

surpluses. But this system of exchange becomes very cumbersome as economic activities become more specialized. A specialized worker must seek out a large number of other specialists in order to obtain, by barter, the variety of goods he needs to satisfy his daily wants [1].

A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. Today, bartering has made a comeback using techniques that are more sophisticated to aid in trading; for instance, the Internet. In ancient times, this system involved people in the same area, however today bartering is global. The value of bartering items can be negotiated with the other party. Bartering doesn't involve money which is one of the advantages. You can buy items by exchanging an item you have but no longer want or need. Generally, trading in this manner is done through Online auctions and swap markets [2].

There are a number of reasons why a barter economy or being able to barter is beneficial. As mentioned above, there may be times where cash is not readily available, but goods or services are. Bartering allows individuals to get what they need with what they already own. If, for example, an individual needs lumber to put an addition onto their home but lacks funds to buy the lumber, then they may be able to use the barter system to supply their needs – for example, exchanging furniture they don't need for the needed lumber. Such a deal, of course, needs to be negotiated by both parties. It is a reciprocal, mutually-beneficial arrangement that doesn't involve the exchange of cash or another monetary medium (such as a credit card) [3].

The problem with a barter economy shows its inefficiency. The first potential problem lies in the following example: a hunter who wants to exchange his goods for corn must find, not merely a person who wants such kind of goods, but someone who has a surplus of corn for disposal. Time and energy which could be devoted to production are spent on a laborious system of exchange. The second potential problem comes with trying to guarantee fair exchanges. How does one calculate, for example, a fair exchange rate of eggs for a television set?

A monetary economy makes the exchange of goods and services more easily manageable [1, 2]. That is why it is successfully introduced globally into almost all world countries.

Список використаних джерел

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