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The presence of paper money in a wallet seems obvious and exchanging it for any goods and services is taken for granted these days. But the banknote has had its share of ups and downs. It owes its current strong standing to having won the war against gold. But how did a piece of paper come to carve out such a spectacular career for itself?

- A A discovery that made life lighter.**
- B The riches of the Great Emperor.**

The reason why people invented money can be easily summed up in a single word: weight. It all began in China where coin had holes in them and were strung together. The rich had strings of money so heavy they could hardly carry them. They eventually took to depositing their coins against receipts. These notes, issued in the name of the owner, constituted the world's first paper money. In the 13th century Europe was first acquainted with an enthusiastic report on this peculiar kind of money from Marco Polo who devoted an entire chapter of his book to explaining why 'The Great Chan does have more wealth than anyone else in the world'. Still, Europe treated this revelation as an amusing ethnographic curiosity.

- A The atrocities of the Swedish invasion over Poland.**
- B Inventiveness born of a costly war.**

It was not until the 17th century that Europe began to see the virtues of paper money. Swedish territorial expansion over Poland, no matter how successful it was, in fact depleted the coffers back in Stockholm. Sweden was in financial ruin. The government decided to deal with its shortfall of gold and silver by issuing coins of readily accessible copper. The problem was that in those days the face value of a coin had to reflect its intrinsic value, so copper coins were way too large for money bags. They looked like huge trays and weighed up to 20 kg. And once again weight became the mother of invention. The Swedish National Bank served as a depository and the receipts that it issued transformed into paper money. Banknotes were initially used as substitutes for large denomination coins. The number of zeros, however, soon became too big to handle.

- A The failure of the French banking system.**
- B The greed that inspired a genius.**

It was John Law, Scottish economist and gambler, who first exploited the fact that banknotes need not be fully backed by precious metal. When paper money was in its infancy, it depended on the weight of the coins it backed, but its later career took a much more speculative turn. France's first banknotes were bonds issued by John Law's Mississippi Company and were covered by the fabulous gold deposits in America. When the news broke that there were more bonds issued than there was gold to pay them, Paris exploded and Law barely escaped public lynching. Yet, the logic of the machinery that he set in motion was unstoppable.

- A Losing the life savings.**
- B When the two fell apart.**

Replacement of real money with symbolic gold soon resulted in there being less gold in treasuries than there was paper money in circulation. Paper money began to drift further away from gold and, in the period between the two world wars, the two became separated for ever. This is how the world's first hyperinflation came about. Soon in many countries paper money became worthless and was nothing but heaps of rubbish swept off the streets. After years of struggle to fix the price of gold, US President Nixon finally announced that money would no longer be convertible for gold. The link was broken once and for all.

- A Advance shared by people and their money.**
- B The uncertain future of banknotes.**

Banknotes not tied to gold have one major advantage - size does not have to reflect value. Countries can easily issue notes the size of a postage stamp or a notebook page. And the face value can also be related to the image of someone or something important printed on the banknote, take for instance the images of the Polish kings from Mieszko I to Sigismund the Old. However, money is also subject to the process of evolution. Once, gold and silver were replaced with cheaper copper. These in turn were ousted by paper which is now feeling the icy winds of the plastic cards and virtual money. And although bank accounts still function as deposits, large numbers of zeros are only seen now on computer screens.