

# *The History of Money*

Imagine you lived in a world without money – like our ancestors did for most of human history. You catch fish for your food supply, but you're tired of eating it every day. Instead you want to eat some bread. Fortunately, a baker lives next door. Trading the baker some fish for bread is an example of barter, the direct exchange of one good for another.

However, barter is difficult when you try to obtain a good from a producer that doesn't want what you have. For example how do you get shoes if the shoemaker doesn't like fish? The series of trades required to obtain shoes could be complicated and time consuming. Early societies faced these problems. The solution was “**money**” – items which are commonly accepted trade, such as seashells, beads, tea, fish hooks, fur, cattle and even tobacco.

Most early cultures traded precious metals. In 2500 BC the Egyptians produced metal rings for use as money. By 700 BC a group of seafaring people called the Lydians in modern day Turkey became the first in the western world to make coins which they used to expand their vast trading empire. The Greeks and Romans continued the coining tradition and passed it on to later western civilisations. Coins were appealing since they were durable, easy to carry and contained valuable metals.

During the 18<sup>th</sup> century, coins became popular throughout Europe as trading grew. One of the most widely used coins was the Spanish 8-reale. It was often split in to bits or pieces to make change. Coins containing precious metals are an example of “**commodity money**”. The item was traded because it held value. For example, the value of the coin depended upon the amount of Gold or silver it contained.

The Chinese were the first to use paper money, beginning in the T'ang Dynasty (618-907AD). During the Ming Dynasty in 1300 AD, the Chinese placed the emperor's seal and signatures of the treasurers on a crude paper made from mulberry bark.

“**Representative money**” is tokens or pieces of paper that are not valuable themselves, but can be exchanged for a specific commodity, such as gold or silver.

“**Fiat Money**” is similar to representative money except it can't be redeemed for gold or silver. The currency we use today is an example of fiat money. By 1970 silver was removed from the production of American coins (and soon after in Australia in the classic round 50 cent piece. Ed). The old coins were gradually taken out of circulation and replaced with new copper-cored coins that were faced or clad with layers of an alloy of copper and nickel. People are willing to accept fiat money in exchange for what they sell only because they are confident it will be honoured when they buy goods and services. In the United States, the Federal Reserve is responsible for maintaining the value of the US currency by setting monetary policy – controlling the amount of money in circulation – to keep prices stable. This way people have confidence that the money they use to buy goods and services today will buy a similar amount in the future.

## **CHRONOLOGY OF ANCIENT MONEY**

9000-6000BC	Cattle and grains used as money
3100BC	Writing invented in Mesopotamia for keeping accounts
3000-2000BC	Banking originates in Babylon

## *The History of Money*

2100BC	silver ingots used as money in Asia Minor	Museum and private collections. See the tab marked "coins".
1200BC	Cowry shells serve as money in China	We also have a limited supply of replica ancient Chinese coins at very reasonable prices. Email us for information.
1000-500BC	metal tool models like knives and spades used as money in China	
700BC	crude coins invented in Lydia	
600-300BC	round base metal coins in China	
595-570BC	introduction of coins in Greece	
546BC	introduction of coins in Persia	
405BC	Athens uses bronze coins with silver coating	
296BC	Romans start to mint silver coins which replace cumbersome bronze bars	

This article is an excerpt from the inclusion article in one of our archaeology kits called: "Ancient Coins"

The kit involves excavating and restoring a series of replica ancient coins from several civilisations including: Sumerian Shell money, The Greek Hemi drachm (450-400BC), Chinese tool Money (400-225BC), The Winged Pegasus of Corinth(350-325BC), Alexander the Great, Macedonia(336-323BC), The Seleucid kingdom(223-187BC), Ptolemaic Bust of Zeus(180-145BC), Prates IV of Parthia(38-2BC) Augustus of Rome (AD22-30), Nero of Rome (AD64-66), Khosrow II of the Sassanian Empire (591AD) and the Byzantine Histamenon (AD1071-1078). Check the Archaeology tab for more information.

We also have a range of replica coins minted from originals in the British