

When – and Why – Did People First Start Using Money?

By Chapurukha Kusimba, The Conversation, adapted by Newsela staff on 07.19.17

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Quarter of a shekel from the city of Sidon, one of the main ports of the Phoenician coast. The Phoenicians were a civilization that gained wealth through trade in the Mediterranean Sea. Photo from Wikimedia.

Sometimes you run across a grimy dollar bill that looks like it has been around forever. It certainly has not, but the history of human beings using money does go back a long time. It started about 40,000 years ago.

People have studied the history of exchange and trade. The earliest examples were found among ancient groups of hunters who traded for better weapons and tools. People bartered, trading one object for another.

Money came a bit later. Its form has evolved over thousands of years, from natural objects to coins to paper to digital form. But whatever the format, humans have long used money as a means of exchange. They have also used it to pay for goods and to measure value.

Why do people need currency?

There are many ideas about how money began, in part because money has many uses. Evidence suggests that money first developed as a way to exchange gifts and repay what they owed to other people. Money is a measure of value. People use it to express how much something is worth to them.

Money also makes exchange possible. With barter, one of the buyers might not want what the other has to offer. With money, this is not a problem – money can be used to buy anything, ideally.

Certain objects were better suited for money than others. The best objects were those that were hard to find in nature and could not be easily copied. In the Americas, shells such as mother-of-pearl were widely used. Sea snail shells were used in Africa, Europe, Asia and Australia. Amber, beads, copper, gold and silver have also served as money. Until relatively recent times, people even used live animals such as cows.

Coins become useful

The first known form of money was the Mesopotamian shekel. This unit of measure was used nearly 5,000 years ago in the Middle East. The earliest known mints date to 650 B.C. and 600 B.C. in Asia Minor. There, the leaders of ancient kingdoms used silver and gold coins to pay armies.

Coins of lead, copper, silver and gold have been discovered all over the globe. In the first centuries A.D., almost everyone recognized coins as valid money. This was the case especially in Europe, Asia and North Africa.

Coins endured as a form of money for several reasons. For one, they were usually made of valuable metals such as gold, silver and copper. They were also strong and easy to carry around. Other forms of money were not easy to transport and could easily be damaged.

Follow the money to see the trade routes

Most societies cannot completely survive on their own. Money allowed people to interact with other groups, building alliances and friendships. It served as a uniting force, bringing together very different societies. Money was like a common language everyone could speak.

One of the earliest examples of global trade took place more than 2,500 years ago in the Americas. People used mother-of-pearl, iron and pottery as forms of money. They traded goods across wide regions. Later, the Silk Road trade across the ocean connected Europeans, Asians and Africans.

In 2012, I found a Chinese coin that was 600 years old. I found it at an ancient port city used for trade in Kenya, a country in East Africa on the Indian Ocean. Discoveries like this one show that economies based on money were developing at this time. On the East African

coast, traders were building relationships with Indian Ocean traders. They wanted to make business deals. Coins were not just used locally for trade. They were also symbols of people's trading connections with people far away.

In our time, money separates the rich from the poor. It divides the wealthy countries from the poorer ones. Money is a symbol of a society's strength and sustainability. Even as it continues to evolve, its purposes have stayed the same throughout history.

Chapurukha Kusimba teaches at American University in Washington, D.C.