

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

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Quarter of a shekel from the city of Sidon, one of the principal ports of the Phoenician coast. Sidon was a primary military location, as indicated by the galley. On the reverse, the triumphal chariot could represent a procession with the Achaemenid king. Photo from Wikimedia.

Sometimes you run across a grimy dollar bill that seems like it has been around forever. It certainly hasn't, but the history of human beings using cash currency does go back a long time – some 40,000 years.

Scientists have tracked exchange and trade through the archaeological record. The earliest examples were found among ancient groups of hunters, who traded for the best weapons and other tools. People bartered, making direct deals between two desirable objects.

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, human beings have long used currency as a means of exchange, a method of payment and a standard of value.

As an anthropologist, I compare societies today with those in the past. I'm interested in how money evolved in human civilization. I want to know what archaeological findings can tell us about trade and interaction among far away groups.

Why do people need currency?

There are many theories about the origin of money, in part because money has many functions. Money is used as a measure of value and brings different societies together by enabling trade. It also protects social orders and was a way for leaders to use their power. Evidence suggests that money first emerged as a way to exchange gifts and repay debts that were owed.

Objects that were hard to find in nature and whose circulation could be controlled emerged as units of value for interactions and exchange. In the Americas, shells such as mother-of-pearl were widely circulated. Sea snail shells were used in Africa, Europe, Asia and Australia. Amber, beads, copper, gold, silver and lead have also served as currency. Until relatively recent times, people even used live animals such as cows.

First, the shekel

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

Early coins made from lead, copper, silver and gold have been found all over the globe. Their discovery suggests that coins were recognized as a general form of money in the first century A.D.

Coins as money owe their success to their portability, durability and natural value. Additionally, political leaders could control the production of coins, as well as their circulation and use. Other forms of money, such as cows, were not easy to transport and could easily be harmed.

Money soon became an instrument of political control. People could be charged taxes to support rich elites and to pay armies. However, money could also act as a stabilizing force that led to nonviolent exchanges of goods, information and services within and between groups.

Follow the money to see the trade routes

In the past, as today, no society was completely self-sustaining, and money allowed people to interact with other groups. People used money to mobilize resources and create alliances and friendships. The movement of goods over wide regions inhabited by people who were independent of each other shows that money was a uniting force. It was like a common language everyone could speak.

One of the earliest examples of a successful global trade took place in the Americas in the period from 1450 B.C. to 500 B.C. People used obsidian, mother-of-pearl shell, iron and pottery as currency, trading goods across wide regions. The Maritime Silk Road trade, which occurred between A.D. 700 and 1450, connected Europeans, Asians and Africans by shipping across oceans.

In my own excavation work in 2012, I recovered a 600-year-old Chinese coin. I found it at the ancient Kenyan trade port Manda, in the Indian Ocean. Chinese coins were small disks of copper and silver with a hole in the center so they could be worn on a belt. The coin I found was issued by Emperor Yongle. He was interested in political and trade missions to the lands beyond the South China Sea and sent Admiral Zheng He to explore those shores. This was nearly 80 years before European explorer Vasco da Gama reached India from Portugal.

Cash economies were growing

Discoveries like this one show that Africa was involved in trade in the Indian Ocean. They also show that market economies based on cash money were developing at this time. On the East African coast, local merchants and kings were building relationships with Indian Ocean traders. They wanted to promote business dealings, while merchants from the Near East and South Asia had their own lists of business contacts. Coins were not just used locally. They also served as calling cards, signatures and symbolic tokens of connections to far away places.

In our time, possession of cash currency differentiates the rich from the poor. It separates the developed from the developing, the rich countries like the United States and those in Europe from emerging countries in Africa and Latin America. Global inequality today is linked with the formalization of money as a measure of societal strength and sustainability.

Even as currency continues to evolve in our digital age, its uses today would still be familiar to ancient peoples.

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