

# 8.3

## JACQUELINE HOWARD PRESENTS: THE HISTORY OF MONEY

**0:13-0:58** You see it every day, you use it all the time. But have you ever wondered, what is money? Where did money come from and where's it headed? How did humans evolve from hunter-gatherers, to buyers and sellers? Well, you're about to find out. Let's take a trip back in time.

### THE BARTER SYSTEM

Hey everyone, Jacqueline Howard here. It's around 12,000 years ago, and we don't have money quite yet. The only thing we do have is barter. That is, if someone needs an item they don't have, they simply exchange something they do have to get it. You trade something in surplus for something you need. In other words, if you want the next guy's mastodon meat, offer your extra animal furs in exchange.

Since humans are now farming and developing dense communities, we're starting to barter one common thing. Livestock-- it's one of the earliest forms of money, along with other agricultural products such as grains. But herding cattle across the desert, or paying people in large amount of grain, is kind of cumbersome, so let's fast forward to around 3,000 years ago to solve this inconvenience.

Early civilizations are starting to assign symbolic value to things like metals and shells and using them as money. For instance, folks are using copper, bronze, silver, and gold coins as money in India, China, and other parts of Asia. Though no one knows for certain when early coinage first emerged, sea shells, especially cowry shells, are used as money in various societies, including some in Asia and Africa. Especially in Africa, sometimes blocks of salt are used as money.

And check this out, people in the tiny island of Yap, out in the Pacific Ocean, have one of the strangest forms of money of all: gigantic limestone disks, some the size of cars. But let's move on. I'm taking you to around 1,200 years ago to see how we made the leap from using coins, shells, and giant rocks to paper money. The first known paper money is now being used in China. Historian Dr. Robin Yates, an expert on east Asian history, told me that paper money is used to buy all kinds of different products. Researchers know this by skimming through ancient texts, or by literally digging at archeological sites for evidence. But while paper

**0:58-2:00**

FIRST COINS

**2:00-2:55**

PAPER MONEY

money is revolutionizing the way goods change hands, it's not until the Age of Exploration that credit comes into the picture.

## 2:55-3:37

ADVANCING  
CREDIT

Let's keep going to around 600 years ago. European explorers are taking to the seas in search of riches and places to colonize. How are they funding these explorations? Credit.

You know, it's when you get something now but pay for it later. Some historians say monarchs are funding exploration projects because they know they'll get their money back when a colony is founded or riches are discovered. Credit is facilitating explorations across the Indian and Atlantic oceans, and financing trade and shipping networks like the Dutch East India Company. And yes, credit is even funding the Atlantic slave trade.

## 3:37-4:29

FIAT MONEY

But let's skip ahead to around 200 years ago, when something else will forever change how we use money.

It's 1816, and the English are adopting what's called the gold standard system. What's that mean? Every note printed by the government represents a certain amount of gold. So in other words, paper money is "backed" by gold. The U.S. is following suit, too, but politicians will decide to throw out this system, since it will put a drag on our economy. Instead of being convertible into precious metal, the U.S. dollar will become fiat money, which means it's not really backed by anything. Rather, our money has value because we think it does, and

the government says it does. Got that? Let's go back home.

Phew, we're back in the present day. And today we have credit cards, electronic transfers, digital currency like Bitcoin, PayPal, and Apple Pay. These new developments mean you don't really need paper cash anymore for most transactions. We can move money digitally between people and businesses in an instant.

All of this makes life pretty complicated for economists and government officials. I mean, how is money tracked? How does it move? What's it worth? What does the future hold?

This leaves us all to wonder, will paper money soon go extinct? Maybe so. This could seem as outdated as this. But are you ready to trade in your Benjamins and ditch your wallet? Let me know your thoughts.

## 4:29-5:22

TODAY'S INSTANT  
MONEY