



The History of Money

Early Money

Narrator:

The History of money in 10 minutes. Number 1, early money

Long before money was invented, people were quite happy making, doing, and growing things for one another. In small communities, they could largely remember the payments and receipts of what was exchanged. Keeping tabs - or tallies - of these exchanges, helped with a key requirement, which was to record who'd been paid and who was still owed.

But as communities grew, so the exchanges became more and more numerous, and as people created things for the common good, and rulers began to impose taxes, so the accounting was increasingly hard to keep track of IOU notes might have been a neat solution, but unless you knew the individual issuer personally they were hard to enforce or verify. So instead people started to use objects, such as whales' teeth, as a kind of IOU.

This intermediate step in the exchange process meant that people were free to trade with anyone and they could even store up purchasing power for later use, with their retradable IOU tokens. So at the same time that humans invented money, they'd also invented debt.