

The Evolution of Money

Chapter 11: From Barter to Money · Topic 2

Key Concept

Commodity money used valuable items like cattle, grain, or shells as a medium of exchange, since these items were widely accepted and had inherent value.

Metal coins, made from gold, silver, or copper, became popular because they were durable, easy to carry, and could be divided into smaller units.

Paper currency developed later, initially representing a promise to pay a certain amount of gold or silver, making trade even easier and lighter to carry.

Today, digital money, like online banking and mobile payments, represents the latest stage in money's evolution, allowing transactions without any physical cash.

Quick Revision Notes

- Money evolved from barter to commodity money to coins to paper to digital.
- Commodity money used items like cattle or shells.
- Metal coins were durable and divisible.
- Paper currency represented a promise to pay gold or silver.
- Paper money was lighter and easier to carry.
- Digital money includes online banking and mobile payments.
- Digital money allows transactions without physical cash.
- Money's evolution made trade increasingly efficient.

Practice Questions

- 1 List the stages of money's evolution in order.
- 2 Research an example of commodity money from history.
- 3 Discuss why digital money is convenient today.
- 4 Compare coins and paper currency.
- 5 Explain why paper money was initially linked to gold.
- 6 Discuss how you use money in daily life.