Money: Past, Present and Future

Explore the history of money in Canada and around the world using an inquiry approach.

Overview

Using the inquiry method, students will explore the characteristics and role of money in our society: in the past, present and future. To help guide the discussion, the lesson surveys the history of money around the world and in Canada. This includes an inquiry activity exploring money used in Canada before and after European contact, including the fur trade.

Big idea

Money has taken many different forms throughout history. It began mostly as commodity currency but has transitioned to fiat currency.

Total time

Approximately 60 minutes

Grade levels

Grades 5 to 10; Elementary Cycle Three to Secondary IV

Subject areas

- Social Studies:
  - Past and present: Changes in everyday objects
  - Heritage and identity: Early societies to 1500 C.E.
  - Heritage and identity: Communities in Canada, past and present
  - Heritage and identity: Interactions of Indigenous peoples and Europeans
  - French and Canadian society during the fur trade
  - Economic situation and the fur trade
- Economics:
  - History of money
  - Characteristics of money
  - Commodity versus fiat money
Learning objectives

Students will:

- discuss the role of money in society
- consider alternatives to fiat money and different forms of commodity currency used throughout history
- compare different forms of Canadian commodity and fiat money
- explore the five characteristics of modern-day money

Materials

Classroom supplies

- Printer and paper
- Scissors
- Pens or pencils
- Whiteboard or chart paper and markers
- Projector or display screen hooked up to a computer (optional)

Handouts and worksheets

1. Print the resources on regular paper:
   - Illustration (Money Throughout History)—one copy per student, or display to review together
   - Worksheet (Currency Inquiry)—one per student
   - Flash cards (Early Currency in Canada)—enough for one card per student
   - Answer sheet (Currency Inquiry)—one copy per pair of students, or display to review together

2. Cut out the flash cards and set them aside for Activity 2.

Activity 1: Discussion

This activity opens the class with a discussion about money and shows some historical examples of commodity currencies from around the world.

Time

20 minutes
1.1 Opening discussion

Explain to your students that today they will be looking at money used in the past to help them understand the ways we pay today, such as bank notes and coins and debit cards.

Ask the students:

- How would you explain money to someone like a small child who has never seen it before?
- What questions do you have about money?

If you would like, record their questions, answers and discussion notes on the whiteboard or chart paper. Use them in a later discussion or research project.

Your students’ questions could be answered as part of our upcoming exhibition, *Kids’ Questions About Money*. Submit them online by March 26, 2021, to enter our class prize draw.

Explain that money helps us trade for goods and services. It acts as a medium of exchange, which means it is recognized and commonly used by everyone. This makes it easier to get goods or services than it would be by bartering or trading.

1.2 Display of international and historical money

Money has a long history in many civilizations, but its origins may surprise you. Display or hand each student a copy of the Money Throughout History illustration to show some examples.

If time allows, have your students guess some of these objects to prepare them for the inquiry activity on Canadian money that follows. If you are displaying the illustration, zoom in on each picture (so the captions are hidden), then zoom out to reveal the captions with the answer.

Share the following information about the objects with your students:

- **Tabua (whale teeth):** Sperm whales have the largest teeth of any whale. As early as 1800 C.E., their teeth were used as a valuable currency on the island of Fiji. The tabua were first rubbed smooth and then stained yellow with spices or smoke. Often a hole was drilled at either end and a braided cord was attached. Tabua are still used as gifts of honour or to commemorate weddings.

- **Tevau (red feather money coil):** This currency is from the Santa Cruz islands, which are part of the Solomon Islands in Oceania. The coils were made with the tiny feathers of the Scarlet Honeyeater bird. The island’s Indigenous Nandö people would catch the tiny birds, plucking a few feathers and then setting them free. It took between 50,000 and 60,000 feathers to make one coil. The coils were traditionally used for purchasing goods or services or as a wedding gift. They have not been used on the island since the 1980s.

- **Cowrie shells:** These were one of the most common forms of currency in Africa, Europe and Asia. In China and Japan, they were used for at least 1,500 years. Cowries were so important in
China that they inspired the shape of the Chinese character that means “to buy.”

- Tajadero (Aztec hoe and axe money): While the Aztecs valued silver, they never used it as currency. According to Spanish reports at the time of the conquest, copper and tin axe-shaped objects were used as a form of currency. These copper hoes and axes—too fragile to be used as tools—were first made in about 800 C.E.; however, it is likely they were only used as money after European contact. The copper was often mixed with arsenic to make the metal light in colour.

- Rai (Yap) stones: From the Pacific island of Yap, rai ranged from a few centimetres to four metres in diameter. They were used, beginning over 500 years ago, for significant transactions. Quarried on the island of Palau, rai were transported to Yap on rafts, crossing 500 kilometres of open ocean. These difficult voyages were part of what gave rai their value. These stones did not physically change hands because they were often too big. People simply agreed that the ownership changed. Rai are still in use today for marriages and land transactions.

- Salt: Before iceboxes or refrigerators, people used salt to preserve food. Salt was quite hard to come by, made for the most part by evaporating sea water. Because salt was rare and valuable, many different cultures used it as money. It is believed the ancient Romans paid their soldiers with salt—or at least paid them a sum of money for acquiring salt. This pay was known as salārium and is the root of the English word “salary.” This salt brick is from Ethiopia and they were used there until the 1930s.

- Tea bricks: These were used as currency in different parts of Central Asia from the 9th to 20th century C.E. The use of tea as a commercial trade item began with demand for Chinese tea by Russian nobility. Initially, dried leaves were shipped along the silk route; however, over time people found it more convenient to process the tea and form it into solid book-sized bricks. Eventually, tea bricks became an accepted medium of exchange that could be used as easily as silver or other trade items. Twenty bricks could purchase a horse, and twelve could buy a sheep.

Explain to your students that these objects were used as a medium of exchange in various time periods and in various part of the world. Before coins and bank notes were invented, people used many different types of commodity currency.

A commodity is a resource or material that can be bought and sold, such as a metal, oil, grain or lumber. Commodity currency is money made of an object that has its own intrinsic value.

Some of these objects also had important spiritual or cultural purposes for the communities that used them. Some began to be used as currency only after contact with other civilizations or peoples.

The earliest examples of fiat currency that resemble the money we use today began over 2,500 years ago. Humans began using metal coins as money around 600 B.C.E. in Lydia (now Turkey), and the first paper money was issued in China around 700 C.E. to make large transactions possible.
A fiat means a rule, order or decree. Therefore, a fiat currency is money that obtains its value by order of a government policy or law.

**Activity 2: Early currencies in Canada**

In this activity, students will discover the characteristics of money by guessing and comparing the use of different Canadian historical currencies, including those used during the fur trade.

**Time**

40 minutes: 20 minutes for individual and group work, and 20 to review the correct answers

**2.1 Hands-on activity exploring early currency in Canada**

This inquiry worksheet activity will help students explore different currencies used before and after European contact in what is now Canada. Some of them were used for a few decades or centuries, and one was used for over a millennium.

Introduce the activity to your students. Assign each student one of five objects used as a commodity currency sometime in the history of Canada.

Hand out to each student:

- one Early Currency in Canada flash card (their object)
- a copy of the Currency Inquiry worksheet

Each flash card features one of five objects: abalone shell, a beaver pelt, wampum beads, trade silver or playing card money.

Ask students to complete the questions on the first side of the Currency Inquiry worksheet. Encourage students to write whatever they think, allowing space to write the correct answers afterwards. Provide 7–10 minutes for this step.

**2.2 Compare using a Venn diagram**

Ask students to find a partner and compare and contrast their two objects using the Venn diagram on the back side of the worksheet. They should aim for two or three items for each circle and in the overlapping space in the middle. Allow 5–10 minutes for this step.

You could have your students compare their historical currency example with money used in circulation today, such as a bank note or coin.
2.3 Discuss worksheet answers

Ask a few students to share their guesses on the worksheet. Then give each pair of students who worked together on the Venn diagram a copy of the Currency Inquiry answer sheet, or display it for the class. Go through the objects in the order of the numbers on the flashcards. The objects are ordered chronologically, so you could create a timeline on the whiteboard or chart paper if you like.

Have students note what information about their object they guessed correctly. If time allows, students can add information from the answer sheet to their worksheet. As you are reviewing the answers, look for any curious ideas and ask your students to further explain their guesses and rationale.

Remind your students that there were intricate systems of trading and exchanging goods long before European settlement in North America.

- Some Indigenous communities used objects as a common currency or had trade networks of many miles for goods.
- Before a Canadian fiat currency was introduced, settlers used coins they may have already had on hand—such as Spanish-American, French, British and Dutch coins. With no national currency or locally made coins, early Canadian settlers also relied on commodity currencies for trading at times, such as the objects explored in the worksheet.
- It wasn’t until 1858 that Canadian money followed the same decimal and dollar format of the United States. The first coins for the Dominion of Canada were minted in 1870.

2.4 Discussion

Ask students to share what they think their objects have in common—the items in their overlapping circles of the Venn diagram. Write these common features on the whiteboard or chart paper or note them for later.

Then, explain to your students that there are five characteristics of modern-day money. These characteristics help explain our progression from the various commodity currencies used throughout history to the coins and bank notes we use today.

Read each of the five characteristics aloud or write them on the whiteboard:

- **Durable**: Money needs to stand up to weather and time and be non-perishable. Otherwise, people will be reluctant to invest in this currency. Metal coins are a perfect example of currency that is durable.
- **Portable**: Money has to be easy to carry long distances. Tea is an example of this. It was made into bricks for easy transport along the Silk Road.
- **Divisible**: Money must be easily divided into smaller parts to make up a larger or smaller value. An example of this is cowrie shells or other shell currency that could be easily divided.
- **Hard to counterfeit**: Currency should be uniform to prevent counterfeiting. Everyone must have confidence in it, accept it and recognize its worth. Polymer bank notes have security features to prevent counterfeiting, which encourages trust and use of this currency.
- **Rare but not too rare** (in limited supply): The material a currency is made from should be rare but not so rare as to prevent an adequate supply. An example of this is wampum beads.
They were quite difficult to produce and were traded long distances, making wampum not easily accessible to all. When the Dutch started to make wampum beads in a factory, they became more accessible, which devalued them as a currency.

Ask the students to reflect on their worksheet answers and group comparisons.

- Did they bring up any of these characteristics in their discussion about their objects?
- Which one of their two objects would be the better money? Why?
- Use the five characteristics above to help determine if any other object would work well as a commodity currency.

Before Canada’s central bank was founded in 1935, bank notes were created by many different banks across the country. This made the different fiat currencies hard to control. When the Bank of Canada was created, it became the only producer of the standard Canadian bank notes we use today.

Over the years, money has also changed forms with technology, notably with computers and digital forms of money today. For example, the money or stored value you have in a bank account can now be exchanged using a debit card or other payment method.

Close the discussion by explaining the evolution of our money from a commodity currency to a fiat currency. Review with students the concepts of commodity and fiat currencies, as well as how each is a medium of exchange.

- Our currency today is an example of a fiat currency, as are most of the world’s currencies in official use. The Canadian dollar only has value because we trust that it does, and we agree together on the value. For example, a modern $5 bank note costs far less than $5 to produce—production and manufacturing only cost around 42 cents. We decide that a bank note or a coin represents its face value—that is, the value it is labelled.
- Knowing this, which of the early Canadian examples discussed today are fiat currencies? Which are commodity currencies? (Answer: the only fiat currency is the playing card money—the rest are commodity examples.)

Conclusion

To close the lesson and check for understanding, ask your students the following questions:

- If someone didn’t have bank notes and coins to use as money, what could they use instead?
- What object would you choose as money?
- With increasing technology, what do you think money will look like in the future?

Key takeaways

- Money has taken many different forms throughout history. It began as commodity currency.
- Objects were used as currency throughout history because they shared characteristics that made them useful as a medium of exchange.
• Early Canadian settlers used many forms of commodity and fiat money.
• There are five characteristics of modern-day money.

Extensions

• Connect past forms of money with future ones by reviewing our Money FAQ with your students. Topics include the production, origins and history of money used today.
• For more information and summaries of the history and role of money, check out the series Money and Monetary Policy in Canada, specifically the modules on money’s functions and characteristics and a historical look at money.
• If you’re exploring Canadian history, you may want to view the money examples in more detail using the Canadian Encyclopedia. You can also look up additional examples used throughout Indigenous, early settlement, pre-Confederation] and contemporary Canadian history.
• Money is not the only thing of value in the world. Have a conversation with your students about other things our society treasures, some of which we cannot really put a dollar value on.

We want to hear from you. Fill out our very brief survey to tell us what you thought about this lesson plan.
### Money Throughout History

#### Cowrie (shells)
- **Location:** Africa, Asia, Europe
- **Time Period:** 7000 B.C.E. to 1900 C.E.

#### Rai (Yap stone)
- **Location:** Yap State, Federated States of Micronesia, Oceania
- **Time Period:** Before 1700 to 1980 C.E.

#### Tevau (red feather money coil)
- **Location:** Solomon Islands, Oceania
- **Time Period:** Before 1700 to 1980 C.E.

#### Tajadero (Aztec hoe and axe money)
- **Location:** Mesoamerica, North America
- **Time Period:** 800 to 1600 C.E.

#### Amole (salt block)
- **Location:** Ethiopia, Africa
- **Time Period:** 525 to 1894 C.E.

#### Tea brick
- **Location:** China, Russia, Central Asia
- **Time Period:** 800 to 2000 C.E.

#### Tabua (whale teeth)
- **Location:** Fiji, Oceania
- **Time Period:** 1800 C.E. to today

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Tabua (whale teeth)
Sperm whales have the largest teeth of any whale. As early as 1800 C.E., their teeth were used as a valuable currency on the island of Fiji. The tabua were stained yellow with spices or smoke. Often a hole was drilled at either end and a braided cord was attached. Tabua are still used as gifts of honour or to commemorate weddings.

Amole (salt block)
Before iceboxes or refrigerators, people used salt to preserve food. Salt was quite hard to come by, made for the most part by evaporating sea water. Because salt was rare and valuable, many different cultures used it as money. It is believed the ancient Romans paid their soldiers with salt—or at least paid them a sum of money for acquiring salt. This pay was known as salarium and is the root of the English word “salary.” This salt brick is from Ethiopia and they were used there until the 1930s.

Teivau (red feather money coil)
This currency is from the Santa Cruz islands, which are part of the Solomon Islands in Oceania. The coils were made with the tiny feathers of the Scarlet Honeyeater bird. The island’s Indigenous Nandö people would catch the tiny birds, plucking a few feathers and then setting them free. It took between 50,000 and 60,000 feathers to make one coil. The coils were traditionally used for purchasing goods or services or as a wedding gift. They have not been used on the islands since the 1980s.

Tajadero (Aztec hoe and axe money)
While the Aztecs valued silver, they never used it as currency. According to Spanish reports at the time of the conquest, copper and tin axe-shaped objects were used as a form of currency. These items—too fragile to be used as tools—were first made in about 800 C.E.; however, it is likely they were only used as money after European contact. The copper was often mixed with arsenic to make the metal light in colour.

Cowrie (shells)
These were one of the most common forms of currency in Africa, Europe and Asia. In China and Japan, they were used for at least 1,500 years. Cowries were so important in China that they inspired the shape of the Chinese character that means “to buy.”

Tea bricks
These were used as currency in different parts of Central Asia from the 9th to 20th century C.E. The use of tea as a commercial trade item began with demand for Chinese tea by Russian nobility. Initially, dried leaves were shipped along the silk route; however, over time people found it more convenient to process the tea and form it into solid book-sized bricks. Eventually, tea bricks became an accepted medium of exchange that could be used as easily as silver or other trade items.

Rai (Yap stone)
From the Pacific island of Yap, rai ranged from a few centimetres to four metres in diameter. They were used, beginning over 500 years ago, for significant transactions. Quarried on the island of Palau, rai were transported to Yap on rafts, crossing 500 kilometres of open ocean. These difficult voyages were part of what gave rai their value. These stones did not physically change hands because they were often too big. People simply agreed that the ownership changed. Rai are still in use today for marriages and land transactions.

MONEY THROUGHOUT HISTORY

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EARLY CURRENCY IN CANADA
FLASH CARDS

1. Abalone and Dentalium Shells
2. Playing Card Money
3. Wampum Beads
4. Beaver Pelts
5. Trade Silver

MONEY: PAST, PRESENT & FUTURE
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CURRENCY INQUIRY WORKSHEET

NAME: ________________________________

My Currency is: (circle above) __________________________________________

1. When do you think this object was used as currency? __________________________

2. Who do you think used it? Why? ____________________________________________

3. What qualities would have made this object useful as currency? _________________

4. What qualities would make this object difficult to use as currency? ___________________

5. A question I still have about this money is... ________________________________
MONEY THROUGHOUT HISTORY

Use the Venn diagram below to compare two money examples. Write things they have in common in the overlapping centre.

**OBJECT 1**

**OBJECT 2**
ABALONE AND DENTALIUM SHELLS

1. When do you think this object was used as currency?
   There is evidence of trade of the shells from 2000 B.C.E. to 1900 C.E.

2. Who do you think used it? Why?
   Indigenous communities of the Pacific Northwest in British Columbia traded both abalone (round mollusk) and dentalium (tusk-shaped mollusk) shells with other communities. People harvested white abalone shells and dentalium off the coast of Vancouver Island. Through trade, the shells travelled south to California, north to Alaska, and into the Central Plains and Rocky Mountains. Black abalone shells from California have also been found at burial sites in British Columbia.
   People often used the shells as ornaments, stringing the dentalium together to form elaborate necklaces.

3. What qualities would have made this object useful as currency?
   • Rare but not too rare: The shells came from specific coastal regions. This made them rare and made it impossible for people living more inland to harvest them. However, Coastal Indigenous communities would supply enough to allow for trade with others.
   • Portable: The shininess of the polished shells made them attractive to use as ornaments.
   • Hard to counterfeit: Making the shells into beads required handwork and specific skills and tools, increasing their value.

4. What qualities would make this object difficult to use as currency?
   • Coastal communities could have a monopoly on shells since people inland had a hard time accessing them.
   • The value of shells could fluctuate if trade for more useful staples, such as food, was needed at certain times.
Playing Card Money

1. When do you think this object was used as currency?
   Playing cards were used as currency from 1685 to 1763.

2. Who do you think used it? Why?
   In the early days of New France, coin shortages were common. In 1685, a shipping delay resulted in the French government having no money to pay its soldiers stationed at Québec. The government issued playing cards with a value written on the back to serve as money. The following year, the cards were exchanged for coins sent by ship from France. It did not matter what was on the face side of the card. The inscribed value and the officials’ signatures on the back of the cards turned the playing cards into money. The government cut the cards into various shapes and sizes to help illiterate people identify their values.
   The experiment was such a success that playing card money continued to be issued off and on for the next 60 years.

3. What qualities would have made this object useful as currency?
   • Portable: Playing cards were a popular item available within the colony and were easily carried.
   • Divisible: The cards could be cut into pieces for fraction values.

4. What qualities would make this object difficult to use as currency?
   • The cards were made of paper and could be easily damaged or destroyed.
   • A playing card was somewhat easy to counterfeit.
   • There was the risk that, in the event of a change of power, the currency would no longer be accepted. For example, when the British conquered New France in 1763, the playing cards became worthless—and not everyone exchanged their cards for money in time.
1. **When do you think this object was used as currency?**
   Wampum beads were used as a trade item before and during the fur trade. In the 1630s–1700s, they were used as a currency in parts of New England and were also traded in Lower Canada.

2. **Who do you think used it? Why?**
   Before contact with Europeans, Indigenous peoples in North America had well-established trading networks throughout the continent. Among the goods traded were purple and white beads called wampum, made from whelk (a sea snail) and quahog (clam) shells. Indigenous peoples on the Atlantic coast collected shells, made beads and traded them with other Indigenous communities as well as with European settlers for resources like food and furs. Wampum was used in Lower Canada for trading in the 18th century.
   
   For a brief period beginning in the mid 17th century, European settlers in New England used wampum as a form of currency. Colonial governments had fluctuating exchange rates and would accept wampum for payment for things such as taxes and food.
   
   It is important to distinguish between wampum beads and wampum belts. A wampum belt is a ceremonial communication tool and served as an important record of laws, treaties and historical events. While the beads were used as currency, the belts were not.

3. **What qualities would have made this object useful as currency?**
   - Hard to counterfeit: Wampum beads were initially difficult to make.
   - Rare but not too rare: The shells were collected and made into beads only on the Atlantic Coast, so there would be a limited supply available. They were traded inland with settlers and other Indigenous communities.
   - Durable: Wampum beads were sturdy, waterproof and light.
   - Portable: People could put the shells on a string to organize them and keep them together.
   - They were already valued by Indigenous communities. For example, Indigenous people used them to make wampum belts, which are important records.

4. **What qualities would make this object difficult to use as currency?**
   - Factories in the 1800s meant faster production of wampum beads, changing their value and their exchange rate.
   - The beads were very small and could be easily lost.
   - Beads varied in size and quality, which made it hard to standardize their value.
BEAVER PELTS

1. When do you think this object was used as currency?
Beaver pelts were used as currency from the 1650s to the 1840s (during the fur trade period in Canada).

2. Who do you think used it? Why?
Beaver pelts were an important currency during the fur trade period. They were exchanged between Indigenous communities and fur trade companies. The size, quality and colour of a beaver pelt determined its worth and what it could be traded for. Winter pelts, which were thicker and softer than summer pelts, were more valuable. Each spring, voyageurs (fur transporters) left the trading post in canoes loaded with trading goods in search of First Nations communities to trade goods for furs. Beaver fur was popular in European fashion at the time.

3. What qualities would have made this object useful as currency?
- Hard to Counterfeit: A standard “made beaver” was a cleaned, stretched and dried adult beaver pelt. This standard helped serve as a benchmark for other fur traded at the time.
- Portable: The waterproof fur of the dried pelts made travelling with the furs easier through extreme weather.
- Rare but not too rare: While beavers were a common animal, the work involved in trapping one and preparing the pelt was time-consuming. Travelling to remote locations to find the animal also increased its value.

4. What qualities would make this object difficult to use as currency?
- An animal fur is only as valuable as its demand in the market. Beaver fur was eventually replaced by advanced silk technology as the fashion material of choice.
- A made beaver was quite large and had to be transported long distances.
- While waterproof, the pelt could be damaged in other ways that would lower its value.
- Pelt trading usually went in one direction, from seller to buyer. This made it less circular than currencies exchanged back and forth.
TRAD SILVER

1. When do you think this object was used as currency?
   Trade silver was used as currency from the 1600s to the early 1800s.

2. Who do you think used it? Why?
   Both the French and the English melted silver from coins to make objects that were more appealing to Indigenous traders. The Europeans presented silver articles such as arm bands, earrings, brooches and crosses as gifts to build diplomatic ties.
   These ornaments became prized possessions and prestige items among some First Nations communities. By 1760, fur traders had recognized the usefulness of silver jewellery as a trade good for furs. Two beaver furs could be traded for one silver brooch.

3. What qualities would have made this object useful as currency?
   • Rare but not too rare: As a precious metal, silver would hold its value and could be remelted and used in other ways.
   • Divisible: The silver would come in small amounts that could be gathered together or used individually.
   • Durable: The metal would hold well in heat or cold, rain or sun.

4. What qualities would make this object difficult to use as currency?
   • Traders needed to check they were getting silver, not another metal as a substitute.
   • The assorted sizes and shapes of the silver ornaments made it difficult to standardize a size and value.