CHAPTER 2

The Development of Small Early Money in Western Antiquity and Early China

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The Beginnings in Asia Minor

It is well-known that coins were first invented and introduced in the western part of Asia Minor in the region where Greeks and Lydians lived, probably around 630 BC. The Lydians occupied the Greek city states of Asia Minor, except Miletus, before they were themselves defeated by the Persians, but were strongly influenced by Greek civilization. Herodot’s remark that

they [the Lydians] were the first human beings of whom we know that they minted and used gold and silver coins.1

has been confirmed by a coin hoard found under the ruins of the temple of Diana in Ephesus. It contained many coins made of electron which is a natural alloy of mainly gold and silver found in several rivers of the region. Later the Lydian king Croesus minted pure gold coins, whereas most Greek city states soon began, first led by the island of Aegina, to produce silver coins.

But as already stressed by Kraay the value of a stater and later even of the Greek silver drachma was far too high for everyday retail business in the markets.2 The present (February 24, 2013) value of the gold and silver contained in the electron stater shown below amounts to 209.78 Swiss francs, and even the present value of the silver in a stater (weighing 11.79 g) of Elis minted around 510 BC amounts to 6.15 Swiss francs. It is thus not surprising that right from the beginning of coinage electron coins as small as possible were minted. The smallest amounted to only 1/96 of a stater, that is 0.15g. But its value in present gold and silver prices would still be 2.81 Swiss francs. Kraay noted that the value of such a small coin still corresponded to a daily wage. To provide even less valuable coins was therefore decisive for extending the use of money

1 Herodot, Histories I, 94 (transl. G.C. Macauley).
from wholesale and international transactions to everyday buying and selling in retail markets. And such a development is itself a precondition for the creation of new markets for additional goods and an increasing division of labour, that is of the emergence of more specialised businesses.

Subsequently I will describe the corresponding developments first in the West with the introduction of very small coins still made of precious metals and then of less valuable bronze coins, after which I will sketch the independent invention and introduction of coins in China, and compare it with the antique western situation. Some concluding remarks will end the paper.

Small Silver Denominations

Until a few decades ago it was thought that very small denominations of silver coins were rather rare. This picture has, however, changed with more recent findings relating to the sixth and fifth centuries BC. Thus, a hoard found in western Asia Minor dated to the sixth century contained 906 silver coins in