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Are Invented or Local Currencies Money? Why or Why Not?

**Introduction**

Money is a mandatory aspect of human history that influences people in various forms. It is noteworthy to mention that the development of money experienced various forms of transitions according to the requirements of the economy. The invention of money appeared for at least 3000 years earlier referring to the overall evolution of the money. Currently, the existence of money can be seen in various forms that define the primary functions of money. When it comes to invention and management of money, local currencies are crucial domains of concern. It is vital to examine the existence of local currencies in the overall scenario of real and fake money. This form of consideration can be assistive to figure out the suitable approach between invented or local currencies money. This paper focuses to critically analyze the approach of local currencies to examine are invented or local currencies money? Why or why not?

**Discussion**

Local currencies are recognized as important aspects of the economy concerning the economic activities of any specific geographical area. In the economy, the local currency is defined as an important form of currency that can be utilized in a particular area concerning the economic activities of participating organizations. Mainly, it is characterized as the complementary currency that is used as the addition to a national currency. It is important to identify the primary objective of inventing local currencies to determine its position in the form of money. The central aim of enhancing the functioning of local currencies to enhance the overall spending within the range of the local community. This idea is mainly applying to promote the prospect of locally owned businesses. It is also important to include that the invention of local currencies many not be properly backed by the institution of local government. In other words, it can never be recognized in the form of legal tender.

The validity of local currencies can be better observed by examining various and crucial functions of money. This form of understanding can be assistive to examine the innovative perspective of money (Crump). The phenomenon of money is defined as the medium of exchange considering implications of main functions. The validity of any currency can assess by considering the main services of money as the fundamental standards. Mainly, money is categorized as the product that performs three main functions of medium of exchange, store of value, and as a unit of account. A brief explanation of all these main functions or services of money is important in the context of invented or local currencies. The medium of exchange is identified as the mandatory element associated with the functioning of money. The central aim of this approach is to successfully facilitate the requirement of transactions. In the absence of money, the practical idea of transactions conducted by economies through the barter system. This perspective is different because it involves the practice of direct exchange of one good or service against another. The procedure of medium of exchange in case of barter system is difficult as compare to money because the attainment of equal value of good or service from both the sides of demand and supply is a difficult condition (Crump). The facility of money is more effective as compare to the barter system because it eliminates the option of double coincidence. Money is an easy approach as the medium of exchange because it is acceptable in case of all types of transactions by all the parties.

The central function of money can also be observed in the case of the successful store of value. The objective of the medium of exchange can never be achieved without the option of properly stored value. It is important that the feature of money must hold its value over time. In simple words, the product of money should be stored over the years considering the overall domain of storing value (Weschler). The specific characteristic of money in the form of the store of value can never be ranked as unique domain because it has the option of depreciation due to the factor of inflation. It is vital to indicate that the money is characterized as the most liquid medium concerning the function of storing of value over time. This specific characteristic prevails because money is acceptable for everyone and everywhere as the medium of exchange. Moreover, money can also be easily transferred to any other place. The unit of account is another major and obligatory function of money that eventually illustrates its overall acceptance. Money has the tendency to ensure the provision of a common measure of the value in case of goods and services. Identification of the actual value of goods or services helps both the suppliers and purchasers to adopt the procedure of buying and selling by using money.

A proper understanding of important functions of money is helpful criteria to make better inferences about the approaches of innovated or local currencies. The basic standard of money can be used to determine the significance and implications of local currencies. The effectiveness of local currencies can better be apprehended by assessing their suitability according to the functions of money. Local currencies as the idea of alternative currencies are used by economies as the medium of exchange. Local currencies mostly playing their role as the practical economic idea to enhance the procedures of improved economic growth and sustainability in the scenario of specific geographical regions. Local currencies played their active role as the alternative currencies for the economies to achieve the objective of the medium of exchange effectively and efficiently. It is observed that in many countries, local currencies functioning as alternative currencies to accelerate the approach of economic growth and sustainability. This perspective can better apprehend through the example of the functioning of local currency in the Berkshires, Massachusetts in 2006 when the local currency was issued to enhance the acceptance of new businesses in the area. The scenario of the medium of exchange in the scenario of local currencies assists to identify it as the real money in case of the overall economic scenario.

The second standard of money in the form of the store of value is also applied in the scenario of local currencies. It is established that local currencies played their role to stimulate the national economy of the country. Local currencies can be ranked as the real form of money because it eventually adds value to the real economic domain operating in the country. The operations of local currencies successfully provide the option of a universal store for the economy that ensures the overall effectiveness of the local currencies. The functioning of local currencies also has the option to add considerable value referring to the overall idea of the numeric financial amount. This objective is achieved by increasing monetary value for the local community and increase the economic functioning of the local economy (Radford). The operations of local currencies can be observed in the form of time banks that voluntarily add value in the overall form of economic activity. Another beneficial approach of local currencies is that it successfully protects the local economy by keeping a great range of wealth on the local regional level.

The suitability of local currencies as the real money can also be established considering the standard of unit of account. The local currencies have the power to ensure necessary value when it comes to buying and supplying of different products and services at the local economic level. The existence of local currencies adds value by accepting it as the medium of exchange. It is important to understand the fact that local money is real money. A local currency can be spent in a particular geographical location, which makes it real money. The major reason behind inventing that local money is to enhance the overall spending to promote the prospect of locally owned businesses. Regardless of the fact that some dictators do not believe in the significance of local money, but it has the potential to alter economic functioning for a particular region. The fundamental standards of local money enhance its overall value in terms of real money.

**Conclusion**

To conclude the discussion on the existence of local currencies in the form of money, it is important to consider the existence of basic functions of real money. The consideration of local currencies at regional level allows buyers and suppliers to perform the approach of the transaction by considering the value of local currencies as the real money. The overall social organization of money at the local level is another crucial perspective to characterize it as the real form of money. The existence of local currencies is playing their active role as the domain of enhanced economic activities and sustainability at a regional level. the effectiveness of local currencies as the real money can also be observed in the case of overall development of the economic market at the local level. Transition in the form of local currencies helps people to trust their economic system and invest without any doubt with better confidence.

**Works Cited**

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