

# [The use of money](https://assignbuster.com/the-use-of-money/)

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The Use of Money This paper attempts to explain the importance of money in human transactions and shed light on the benefits and limitations of money.
Money is an indispensable tool for trade and human interactions. Money or the multi-colored threads woven into the fabric of our social, political and economic life is a powerful tool in a person’s hand. A nation gains independence and prominence not only in its ability to promote progress but also on its ability to be economically secure. Financial security ascertains stability and prosperity. But, is it the only indicator of progress?
Economics justified the utility of money on the basis of meeting people’s unlimited wants and needs. But wants and needs could be compared to a pendulum that endlessly swings left to right. People wonder when our needs shall end as well as our wants.
Money is normally used for our daily transactions. We need money to meet our basic needs. We have purchasing power if we have money. Parents use money to send their children to school or pay off stack of bills. Professionals land on jobs not merely for self-actualization but to primarily provide for their needs and those of those of their families. It is impossible to meet our obligations without the use of and certainty of cash flow. So, money in this sense is a necessity yet it can also be liability.
When people first start getting a paycheck, they often see the next paycheck as the answer to all their problems (Sally Herigstad, 2007). The next paycheck is conceived as bigger and promising. Thus, debts and expenses gradually pile up making the next paycheck unable to even settle the daily expenses. People have money problems when they take risks in the hope of a windfall.
Lately, I have been monitoring my daily transactions and I have observed that most of my purchases are through credit cards. Credit cards are handy and enable me to limit the use of cash. However, it has also negative repercussions. As interest rates go higher every day so do my payables which often exceed my projected budget. It is apparent that since most purchases could be paid on term-instalments, people tend to buy more than what they really need. Hence, even before they know it, they are buried deep into a pile of debts. This inevitably results to financial crisis. Experience tells us that people who use money immoderately by overspending and lack of financial goals end up financially strained/bankrupt; they resort to mortgaging/refinancing their homes and consequently, face marital/relational problems.
The worst that could happen to people is to believe that easy money could be the end of one’s financial woes. People resorting to unlawful businesses push them further into a trap, which can never solve their financial problems. This awareness of both positive and negative effects of money can put people on their toes. We may wonder how could have smuggled drugs or goods evaded stringent inspection and outsmarted custom laws? People make irreparable mistakes when they turn money into an end in itself. But how could we possibly treat money as a means rather than an end?
We have to start with our factual situation: we use money and not vice versa. If money is considered a tool people must make the best use of it. Cash, cheques, notes whatever form of monetary value money has, it still remains a means or a tool which shall require from us an organization of our budget and cash flow. Extreme cases however, show that people could make worst decisions in life because of desperation or lack of money. Add to this is a wrong perception that money is end in itself. Such a notion must slowly be rectified and informed by the proper use and valuing of money. We can start small through our daily decisions: change bad habits like gambling and overspending so that we can save for a rainy day. This necessitates re-education to the proper use of money. It is only when we become wiser in our way of handling money that we can control our finances and our life.
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