

Towards an accounting view on money, banking, and the microeconomics

[Economics](#), [Microeconomics](#)



The paper "Towards an Accounting View on Money, Banking, and the Microeconomics" is a good example of an essay on economics. Accounting and its proto-market exchange have a big impact on economics. Accounting means the counting and development of numeracy. On the other hand, bookkeeping can reflect that economic accounts were the first books to be used. This serves its purpose to the user. Accounting is important in an organization because it leads to accountability. This implies ranking and subordination. Therefore, the accounting systems are part of the administration, in the financial institutions where they initially originated from.

The accounting system is a process which involves two ways. Accounting was founded in Mesopotamia by the Sumerians about 6 thousand years ago. This has shaped the modern world with the best practices in many organizations today. For instance, the way the accountants' mental function and the objective conditions that are laid in a particular organization.

Most economic processes can be traced back to the public institutions of Mesopotamia. The early accounting systems served many purposes. Some of these purposes as below illustrated. It was a means of ordering the scope of administration. Whenever nonagricultural labour was involved, there was no means of keeping accounts for the operations that ran on a daily basis. This prompted the Sumerians to invent various approaches that were used to count and maintain the records.

The standardization of time, measures and weights and prices was necessary so that the economic order was shaped. This started with the development of standard units of time. The outcome of this favourable because the

distribution ratios and other flow of resources were made to be regular in large institutions.

The concepts of accounting were constituents of the technology that was controlling the economy. This facilitated resource acquisition, production, and distribution.

Sometimes, errors can arise in the accounting process. However, this can be deterred by the oversight system that served to monitor using the concept of weights and measures. Therefore, instances of fraud could be eliminated.

The development of technical accounting bookkeeping has helped to cross-check the sums vertically and horizontally. This can be seen in the concept of double entry as used in some accounting books.

Ancient account faced many challenges. These include, the problem encountered when combining many transfers into a simple summary.

Accounting also served in the planning process in an institution. For example, this involved proper allocation and utilization of the resources in a firm. This is according to Ogden Golet. Accounting helps the nation to trade, plan and also to keep track of the taxation.

In the recent world, various methods of recording transactions have been evolved. For example, a balance sheet. This is an important tool that can be used in a country in order to reveal the underlying economic condition.

These records can indicate whether a country is going into a financial crisis or not. The financial crisis and ensuing recession reduce the revenues of the state (Bifuco et al, 2012).

Various financial ratios also show the current financial balances of a state. Whenever there is a smaller credit market, it is a signal that the country

ought to act and save the situation. States may be obliged to carry out a restructuring of their balance sheets so that they dampen the economic activity and well-being. However, a delay in the credit flow to states or municipalities can lead to a delay of economic recoveries (Maquire, 2011; Bernanke, 2011).

In conclusion, financial activities can be taken as a type of accounting for the actual activity. This develops from the concept of an economy that entails the exchange of goods and services. These developments help to portray the underlying nonmonetary economy (Leijonhufvud, 2008).

Variations in debt ratios across various jurisdictions are not linked directly to the real income or expenditure fluxes. This is solved by the presence of accounting techniques that present a money view of those cash flows (Bezemer, 2016).