

The Role of Money for Greater Personal Happiness

Money is fantastic tool in principle. However, its implementation has always been flawed.

Money is humanity's imperfect attempt to objectivize countless subjective valuations. Value exists only in the opinion of the individual beholder. It is a measure of personal happiness. What makes one person happy will not work the same for another, even in identical circumstances. It is natural for everyone to seek out the actions, ideas, and items which aid them most according to their own valuations.

We all seek greater collective happiness by working together than by working alone. Primitive societies functioned by exchanging the direct fruits of their labor. Each in-group member could produce something of at least marginally different value than the others. The diversity of ever-shifting needs within the group could never be fully satisfied. It is the ability to recognize and fulfill other people's needs that opens the door to economic leverage. It revolves around mutual respect and agreement.

If there was ever something that nearly everybody within the closed system of exchange wanted on a consistent basis, that good became a commodity among its users. The value of commodities is derived from the fact that other people want them, instead of their intrinsic utility. So long as a closed group remained in collective agreement that a particular item was worth having, a person could become wealthier and wealthier by accumulating more and more of these items. This is how money was born.

Metals became the favored choice for commodity money because they could be weighed to an exact quantity and were easily divisible. Fungibility meant that one ounce of any pure metal was, for practical purposes, identical to all others. Gold and silver were used for coinage due to their rarity, durability, and ease of identification, becoming synonymous with money itself. The face on a coin became a symbol of its legitimacy and value. Reputation-based currency made monetary transactions more efficient for everyone.

Paper banknotes were later created to represent metal, which itself was still just a representation of this subjective thing called value. A person could deposit pounds of gold in a bank for safe keeping, and receive a single paper certificate in return. So long as the institution holding the metal was reputable, the paper was as good as gold. In modern times, money need no longer be contained physically by metal or even paper. It is transferred instantaneously as digital code.

In recent centuries, governments the world over have created fiat money no longer representative of precious metals. This is money valued on the arbitrary whim of regulating bodies. Every fiat currency is subject to hyperinflation, or the degradation over time of the

value it represents (often to the point where the money itself becomes functionally useless). It is simply not practical to have to transport a wheelbarrow full of bills across town to buy your daily loaf of bread.

The more you understand the nature of money and how it has been used since early times until now, the more you will be able to make it work for you in the attainment of your own goals. It will not hold power over you as it does for the majority of people who are either impoverished or devote all their productive energies to sustaining a paycheck-to-paycheck lifestyle. Money is the language of human exchange.