

Bartering to Currency Exchange

We hear and see a lot about “buy local”, sometimes meaning to buy in your town, your county, your state or even your country. Intrinsicly, we all understand that buying local is good, but many of us struggle with making it a priority in our buying decisions. When trying to understand the benefit of buying local, it is important to understand the flow of money in a capitalistic system.

In early times, most people were basically self-sufficient. Meaning, you lived off what you could raise, hunt, or craft yourself. Even this, based on the tribal nature of humans, was not purely self-sufficient as people worked for the communal benefit not the individual benefit through pooling of resources and skills.

Gradually the barter system broadened and trading became world-wide. You might no longer be satisfied with only those things that you could produce yourself, but by having excess supply, you could trade with others to acquire benefits to both.



As trading became more popular, the development of currency was created to equalize the bargaining table. Currency is now the standard of exchange, and a healthy economy is based on the turnover of currency that exists. Whether that turnover be on a per person level, a community level or a national level, it is the inflows and outflows of cash that dictate the standard of living enjoyed.

In any community there is currency turnover that is created internally and currency turnover that is created externally. Internal sources in this day and age can be very limited, and always suffers from leakage to external parties.

An example would be when one person in a community hires another person from the community to perform labor; an internal exchange of cash occurs.

Residents purchasing from the local grocery store, an internal transaction, is an instance where leakage occurs. A portion of the sales will stay in the community in the form of payroll and profits. Another portion will leave the community to pay for the wholesale cost of the goods and the outside services provided.

Taxes is a prime place where leakage occurs, we all must divvy up our share to the government. The government, in turn, redistributes through the purchase of goods and services. The trick is to be on the receiving end. Having your local roads paved or another teacher hired at the local school, brings those dollars back into the community.

Currency turnover with external sources is much more extensive, and in today's world it is virtually impossible for a community to survive without it. A ready example of an external turnover is the brine shrimp business out of the Great Salt Lake. Most of those brine

shrimp are sold to foreign countries who use them to raise shrimp and prawns.

In this example, a product produced locally has been sold elsewhere and cash has come into the community through that transaction. This bringing in of cash, in excess of the passage out of cash, is the desired result.

This isn't strictly a local issue, on the national level, this is referred to as the trade balance. The U.S. has had a trade deficit for many years; more cash is leaving the country than is entering. Likewise, Brigham City is always encouraging people to "shop at home", trying to prevent that constant outflow of cash from the community.

Any exchange that brings in or circulates currency within a community helps the economy of that community. The people living in that area will be the people who have the potential to thrive and flourish.

As you shop, you just need to understand which community will receive the benefit of the exchange. If you purchase something made in Thailand, the

economy of Thailand will receive a portion of the benefit. If you purchase an item at a store in Salt Lake City, the economy of Salt Lake will receive a portion of the benefit. If you want to see your neighbors keep their jobs, maintain their farms, or keep the doors open on their stores, "buying local" will help.

None are wrong. On a universal scale, the residents of this world are just the residents of one small community call Earth. And in that line of thought, we are all "buying local."

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