

image not found or type unknown



The economy has several scientific interpretations, according to which it is defined as a set of production relations, as the national economy of the country or its part, and as a branch of science. Each of them was formed in the course of the development of society and relations within it, each deserves attention and separate consideration, but in our case, for the beginning, it is advisable to turn to the original meaning of the subject we are considering.

A certain enterprise receives a profit in the course of its production activities. This is money that should be distributed in such a way that the organization can stay in the market and continue to work, ideally-to work successfully. To do this, the company directs one part of the profit to pay taxes, the other - to pay salaries to employees, the third-to the reserve fund, the fourth-to purchase additional equipment, and so on. In other words, it deals with the distribution of profits. However, it may happen that the company will need more money for additional equipment than planned. In this case, it can go to reduce certain costs, and the money released due to this will be directed to the purchase of equipment. What are we observing? The manifestation of the two main functions of finance - the distribution and redistribution of funds of funds. Here is the time to remember the definition of finance.

This is an economic relationship associated with the formation, distribution and use of centralized and decentralized funds of funds in order to perform the functions and tasks of the state and ensure conditions for expanded reproduction. It is the functions and tasks (in this case, it does not matter whose families, businesses or states) that relate to the understanding of economics as the art of farming. That is, the company sets a specific goal for solving certain tasks, makes a plan to achieve it and works in accordance with it. In the case of proper farming, it achieves this goal.

Thus, we get that economics is a strategy, and finance is a tactic. Or, to put it allegorically, the economy is the house, and finance is its foundation, walls, and roof. That is why we are so sensitive to reports of any fluctuations occurring in the economy. Even if it is an underlying, intuitive experience. It is hardly safe to be in an improperly designed building, the walls of which are suspiciously tilted, threatening your comfort, and sometimes your life.