


Glossary

Asset - A thing that has value. 

Asset Backed Paper - A document that's value comes from some sort of collateral. A mortgage or a car loan are examples.

Bail-out - Financial aid (money, loans or loan guarantees, tax breaks, etc.) given by the government to an industry or company to "save" it.

Bank of Canada - Canada's central bank that sets interest rates and lends money to other banks.

Bear market - A market with low confidence where people sell stocks, so more prices drop, so more people sell. Markets drop all the time, a bear market requires a steady drop over time (usually defined by a 20% drop over 2 months). This is a bear market - a crisis is bearing down on you.

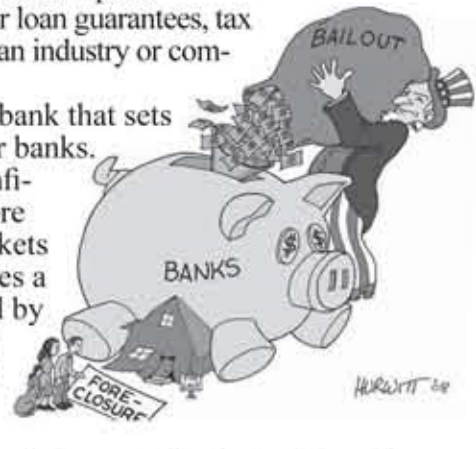
Bond - Form of investment in a company or government that guarantees you what you paid for it plus interest by a set date (or various dates -like once a year).

Bull market - A market with high confidence. Investors buy, buy, buy and they think prices will keep going up. This is a bull(shit) market - nothing grows forever.

Capital - The power, based on ownership of assets, to employ others and profit from their labour. It also refers to any invested wealth and the things used to produce other goods or services.

Capital gains - increase in the value of capital (capital gains tax usually taxes the money people make in stocks and bonds)

Capitalism - An economic system in which economic activity is primarily driven by the private accumulation of capital. It is characterized by private ownership of wealth and the means to produce wealth; competition and private markets. Capitalist societies are divided into classes, where a small number of owners of capital own and control the economy, and a class of workers are dependent on selling their labour to the owning class for their survival. Inequality is inherent in this system and wealth as political power are concentrated in the hands of the ruling class.



CCAA - Canadian Creditors Arrangement Act: lets companies restructure without having to declare bankruptcy. Only large corporations that owe at least \$5 million qualify.

Commercial paper - Short term debt of a company (i.e. a short term bond)

Commodities- Any good that is bought or sold.

Corporation - A company in which most or all of the liability is removed from the owners. Legally, corporations have the rights of an individual but aren't allowed to vote.

Currency - The money used by a country. Its value, in relation to the currencies of other countries, is determined by currency markets, in which investors buy and sell currencies for their private profit." The currency market is the largest market in the world, with daily trading of \$4 trillion.

Deflation - Fall in prices and/or economic activity goes down because there isn't enough demand. Sometimes it is brought on on purpose to reduce inflation and other times it is caused by low market confidence.

Deposit Insurance - federal insurance on your bank accounts up to \$100,000 so people don't run on banks to get cash if their bank or the financial system are in trouble.

Depression - A lengthy economic downturn that is worse than a recession. It typically involves massive unemployment, currency fluctuations, devaluation, lots of bankruptcies, difficulty accessing credit, and low demand and production.

Derivatives - Any kind of financial instrument that is used to insure against risk (eg. futures, options and swaps). They are tied to an underlying asset of some kind (eg. futures are tied to a future purchase of a product or currency).

Dividend - Profits from a corporation that are given out (divided) to its shareholders.

Dow Jones (Industrial Average) - An index of prices of stocks, based on U.S. stocks of 30 large industrial companies

Equity - Shares in the ownership of a company (stock).

Fictitious capital - Paper assets that are a claim on future wealth like stocks, bonds, IOUs and futures contracts.

Free trade - The ability to trade goods freely without the interference of government. Free trade agreements seek to limit the capacity of governments to control investment flows, protect the environment and the rights of workers.

GDP - An estimate of the total value of all the goods and services produced in a country in a year

Globalization - internationalization of capital and the world economy through the global activities of multinational companies, the neo-liberal policies of governments and the dismantling of national economic protections. It seeks to make the entire world open to capitalism.

Hyperinflation - Inflation on steroids

Illiquidity - Difficulty in transforming (i.e. selling) an asset into cash

Inflation - A general increase in prices. Food and fuel prices are usually excluded from inflation rate calculations because they are considered to fluctuate too much. But, right now these prices are skyrocketing which is probably leading to lower calculated inflation rates than actually exist

Insolvency - Cannot pay debts as they are due. One could go into bankruptcy or liquidation. This can happen to a person or a business.

Invisible Hand - The belief that individual self interest will result in a perfectly self-regulating capitalist system.

Liquidity - Easy to turn an asset into money i.e. to sell it at a reasonably predictable price (eg. short-dated securities).

Micro Credit - A small loan. This is a new development scheme that gives small loans to people in the Third World so they can start businesses. However, this model is becoming a dominant form of "aid" because it initially worked. Also, because this form of economic "aid" can make money for capitalists that there are now predatory lenders who make these loans to people who are in very desperate situations and who have no business plans. People use the money for necessities and then cannot pay the loans back. This could become another sub-prime crisis.

Mortgage- A loan using a building or house as collateral. If you fail to pay the loan, the people who you have the mortgage with get the home. From the words *mort* for dead and *gage* for pledge i.e. they have you until you die.

Mutual fund - Pooled money that is invested in the market

NASDAQ - National Association of Securities Dealers Automated Quotation System: the stock exchange that is concerned heavily with technology stocks. (Formerly, AMEX - the American Stock Exchange)

New Deal - This was the massive program brought in by Roosevelt in the Great Depression to provide work and stimulate the economy. Some economists and historians believe that it did not end the depression and that only world war did so.

Pension - They money you get paid each month when you retire (or, sometimes when you quit working because of an injury or illness). There are two different kinds of pension: defined contribution plans, where you and your employer pay into an investment fund that - depending on how successful those investments are - will pay a monthly benefit when you retire. A defined benefit plan, is one where the employer promises a given monthly amount when you retire. It could include employee contributions, or not. Both pensions can be threatened by the failure of your employer. There is also the Canada Pension Plan, which guarantees minimal pension benefits for elderly Canadians.

Prime - This is the rate that the Bank of Canada (or any central bank) lends money at to the banks in the country

Recession - Tough economic times. Demand is sluggish and unemployment is on the rise. It is usually measured by the GDP falling for 2 quarters (6 months) in a row.

Securities - Stocks, bonds, and other tradable financial assets.

Share - 1 unit of stock

Stock market - Where stocks are sold. This used to be a building called the Stock Exchange but now it is done over computers and phones. There are a number of different exchanges like the TSX, NYSE and NASDAQ.

Stocks - A piece of a company that you own.

Stimulus - Money put into the economy to encourage spending and increase employment

TSX- Toronto Stock Exchange: Canada's main stock exchange.

Unemployment - The number of people who don't have jobs. The unemployment rate that is reported does not include people who have not looked for work in the last 2 weeks (people who have given up, people who decided to go back to school or stay home with the kids, etc.). Usually the real unemployment rate is about double what is reported.



See it?

