

VOCABULARY REPRODUCIBLE

Dollars and Sense

News stories on the current economic downturn abound. Want help making sense of what you are hearing? Below are definitions of 15 terms that you

may be hearing a lot these days. Study them. Then see how well you can plug 10 of them into the story line that follows.

- **assets** (*n*): all things of worth owned by a person or business, including cash, property, equipment, and money owed to them, as well as the value of a company's brand name and reputation.
- **bailout** (*n*): a rescue from financial difficulties.
- **bankrupt** (*adj*): legally declared unable to pay one's debts. Can also mean financially ruined.
- **credit** (*n*): money or goods granted for use, under an agreement that it will be repaid on a regular schedule.
- **depression** (*n*): a severe economic downturn, with very high unemployment and many businesses failing.
- **economics** (*n*): theory, principles, or practices based on the production, distribution, and consumption of goods and services; also, the social science that studies such practices.
- **equity** (*n*): the value of property or a company after related debts are deducted. (A homeowner's equity is the value of the home minus mortgage payments owed.)
- **deficit** (*n*): a shortage that occurs when a government or company spends more money than it takes in.
- **fiscal** (*adj*): of or relating to taxation, public money, or public debt.
- **foreclose** (*v*): seize property from someone who has failed to make payments on a loan used to purchase it.
- **interest** (*n*): the price paid to lenders for the use of their money. An interest rate usually is an agreed-upon percentage of the amount loaned.
- **mortgage** (*n*): a loan from a bank for the purchase of a home or other major property.
- **recession** (*n*): a period of diminished economic activity, less severe than a depression. To economists, it is when the country's gross domestic product (GDP) drops for two consecutive three-month periods.
- **stimulus** (*n*): something that stirs up activity. An economic-stimulus plan is something that encourages businesses to hire and consumers to buy.
- **tax credit** (*n*): a deduction in the amount that a person or company pays in federal taxes, to be allotted for a specific purpose.

FILL IN THE BLANKS

When Peter and Mary Jane both had good-paying jobs, they took out a (1) _____ on a large house for their family. Then came the (2) _____, and Peter lost his job. Making matters worse, the (3) _____ rate went up on their (4) _____ cards.

"I'm no (5) _____ expert," said Mary Jane, "but it's clear that we can't pay more with less."

"Agreed," said Peter. "We have to cut back on our spending."

Despite all their caution, however, the family's (6) _____ continued to shrink. They had to move to a small apartment when the bank decided to (7) _____ on their home. "If things get any worse," said Mary Jane, "we may have to declare ourselves (8) _____."

"Hey," said Peter, looking up from his newspaper. "It says here that companies can get a (9) _____ for making 'green' improvements to their buildings. Maybe I'll sign up at the job-training center funded by the government's (10) _____ package."

"OK," said Mary Jane. "In the meantime, I'll keep looking for a higher-paying job. One way or another, we'll get through this!"