

# Glossary

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**Arbitrator:** A third party who is appointed and given the power to resolve a labour dispute by determining what the settlement will be.

**Capital resources** (or capital goods): Economic resources (including everything from simple tools to commercial buildings) that have been produced by and sold to other producers who use them to produce something else.

**Capitalism:** An economic system in which government has a limited economic role. Most economic resources, goods, and services are privately owned, and the owners of capital resources have great wealth and power. Most economic decisions are made by individual buyers and sellers using a system of prices established in markets.

**Certification:** A process by which employees obtain the legal right to bargain collectively with their employer through a trade union

**Collective bargaining:** The process in which a union negotiates the terms and conditions under which its members will work for an employer

**Common law:** Usual legal practice as determined by centuries of use based on judicial interpretation of cases.

**Conciliator:** A third party who is appointed to help labour and management resolve their differences to successfully negotiate a contract.

**Constitutional rights:** Freedoms and powers enjoyed by individuals and as defined by the Canadian Charter of Rights and Freedoms. They include fundamental freedoms and democratic, legal, mobility, and equality rights intended to limit the power of government. They are the most secure of all rights since they require a constitutional amendment to change.

**Cost of living allowance (COLA):** Some collective agreements include this item, which is designed to protect workers' income from inflation by automatically increasing wage rates by the rate of inflation.

**Cottage industry:** A method of production that was carried on in the homes of the workers that used labour and relatively simple, inexpensive capital resources (for example, spinning wheel, hand loom).

**Cyclical unemployment:** Unemployment caused by a general decrease in demand in the economy that historically happens with intermittent regularity.

**Demand:** 1. The willingness and ability to purchase an economic resource, good, or service. 2. The total number of units buyers wish to purchase at each price level.

**Efficiency:** Used by business management to refer to how well a producer is operating as measured by cost per unit produced. (Not to be confused with economic efficiency.)

**Economic efficiency:** A concept used to evaluate how well resources are being used by an economic system to satisfy material human need. It emphasizes maximizing the productivity of resources and incorporating and passing on to consumers all costs of their use.

**Economic equity:** The “fairness” with which economic resources are used in the production process and rewarded for their contributions.

**Economic freedom:** The degree to which individuals within an economy are able to make economic decisions for themselves and get the economic goods and services they need.

**Economic growth:** The increase in the output of real goods and services per person produced by increasing the use of existing resources or by expanding the economy's capacity to produce by improving the quality of existing resources and technology or developing new resources.

**Economic stability:** The constant, moderate increase in economic production without periods with high rates of inflation or unemployment.

**Factory system:** A method of production that replaced labour with a great deal of capital resources such as sophisticated machinery in a centralized location or factory in order to mass produce.

**Forecast:** An estimate of the most likely future effects of a specific change or cause.

**Good:** A tangible commodity such as clothing or a CD purchased by consumers rather than producers.

**Grievance procedure:** The process for resolving disputes between the union and the employer, between employees, or between the union and its members.

**Guilds:** Medieval organizations of craftsmen or merchants that did things such as set standards of quality and terms and conditions of work, train workers, influence local authorities, and control competition.

**Human rights legislation:** A form of statute law that established specific rights that protect the individual from unlawful discrimination by other individuals such as employers. Both federal and provincial governments create such legislation.

**Intermediate good:** A manufactured product that is purchased by a producer and quickly used up in the production, or even becomes a physical part, of another good or service (for example, sugar in a soft drink).

**Labour:** The economic resource that includes all forms of human effort that results in the production of a good or service in exchange for a wage or salary.

**Labour relations board:** A group of experts in labour law who are appointed by government to administer and enforce labour regulations.

**Lockout:** When a labour contract has expired and the employer closes the place of work to bring pressure on employees to sign a new contract. It is the equivalent of a strike against employees by the employer.

**Market:** An economic institution composed of buyers with a demand and producers with a supply who negotiate a price so that a mutually satisfactory exchange may take place.

**Medium of exchange:** That which is widely accepted in exchange for the use or purchase of a resource, good, or service or to pay a debt.

**Mobility (labour):** The ease with which labour can move from one job to another.

**Money:** A commodity (everything from seashells to cigarettes to our paper and metal currency) that is accepted as a medium of exchange to facilitate the purchase of products and payment of debts.

**Monopoly:** The condition in a market where there is only one supplier.

**Monopsony:** The condition in a market where there is only one buyer.

**Natural resources:** Economic resources provided by an economy's geography that include arable land, water, climate, flora, fauna, and mineral and other deposits.

**Private sector:** That part of the economy where production is carried on by firms owned by individuals who compete against each other in markets in search of profit.

**Productivity:** Units produced in a given amount of time; labour productivity is measured by the total output divided by the amount of labour used.

**Profit:** That which remains after the producer has deducted all costs of production from the total revenue received from sales.

**Public infrastructure:** Capital goods like roads, water, and systems of waste management provided by government and funded by taxes.

**Public sector:** That part of the economy where government provides goods and services.

**Quit rate:** The frequency with which workers leave their job for whatever reason.

**Recall procedures:** Rules that determine the order in which employees who have been laid off shall return to work.

**Rights:** That to which the individual is entitled by law. The certainty of the entitlement depends on the nature of the law (constitutional, human rights legislation, statute law) that ensures it.

**Salary:** Payment for the use of labour calculated on a yearly rate.

**Seniority:** Years of service as measured by length of employment that is often used to help determine salary, benefits, promotions, and so forth due to the worker.

**Service:** An action such as a haircut or medical care that is performed for a consumer.

**Statute law:** Law made and subject to constant revision by legislatures. Although it must respect constitutional and human rights legislation, it is most dependent on political and ideological pressures.

**Structural unemployment:** A type of unemployment that can be long-term for some that is caused by rapid change that results in a shortage of workers with the required skills.

**Theory X:** A description of human relations management that assumes that workers dislike their work, lack ambition, are irresponsible, resist change, and prefer to be led than to lead.

**Theory Y:** A description of human relations management that assumes workers by nature want to work, are willing to accept responsibility, are capable of self-direction and self-control as well as being imaginative, ingenious, and creative.

**Third party costs:** Costs of production or consumption that are paid by someone other than the producer or consumer who benefits. Pollution is an example of a third party cost. Third party costs are an example of an inefficient market.

**Tripartite model:** A model of labour management relationships that includes negotiations between three parties (labour, employers, and government) to establish wage rates, benefits, and conditions of work. Very successful in parts of Asia (for example, Singapore) and Europe (for example, Ireland) but not in North America.

**Unit labour cost:** The cost of the labour required to produce one unit of output. It is often used to measure the competitiveness of different groups of labour. The lower the unit labour cost the better.

**Wage:** Payment for the use of labour calculated on an hourly basis or units-produced rate.

**Wage labour:** Workers who are employees who receive a wage or salary.

**Work to rule:** A negotiating tactic used by workers that involves doing only what is demanded in the work contract. Since no work contract can detail ahead of time all the specific work to be done, work to rule usually means a work slowdown or some work will not be completed.

**Zero-sum situation:** A circumstance in which what is gained by one party is at an equal cost to another party. There is no net gain or loss. (There is also the lose-lose situation when all parties involved end up worse off. In a win-win situation all parties end up better off. In either of these latter two circumstances, one party may lose or win more than another.)

