Jargon Buster

IMF	The International Monetary Fund was set up in 1944 to create global economic stability by giving short-term loans to countries experiencing budget problems or trade deficits (when there is more money going out – exports – than coming in – imports). IMF loans come with strict conditions. If these are not kept, aid or debt relief may be withheld. These conditions often include freezes on wages, cuts in public spending, selling off public services and opening the country up to multinational investors.
Austerity	Austerity is a policy of lower spending, involving cutbacks or reductions in the amount of benefits and public services provided. Austerity policies are often used by governments to reduce their debts
Sovereign Debt	Sovereign debt or government/public debt is money or credit owed by a government. As the government draws its income from much of the population, sovereign debt is really the taxpayer's debt.
Bonds	A bond is a type of IOU issued by a government, local authority or company to raise money. The investor or holder of the bond loans a certain amount of money, for a certain amount of time at a certain interest rate. A government/sovereign bond is a bond issued by a national government.
Bondholder	A bondholder is an investor who holds this IOU and is usually a bank or investment company
The 'Markets'	Market in this case means the place where bonds, shares and other types of investment products are bought and sold
The Troika	The Troika is the name given to the 3 institutions that Ireland made the so called 'bail-out' agreement with in November 2010. They are the IMF, the European Commission and the European Central Bank (ECB)
European Commission	The European Commission is the decision-making (executive) body of the European Union (EU). The Commission is responsible for proposing EU laws, implementing decisions, upholding the EU treaties and the generally running of the day-to-day affairs of the EU. The Commission is run by 27 Commissioners. There is one Commissioner per member state, but each is supposed to represent the interests of the EU as a whole rather than their home state.
European Central Bank (ECB)	The European Central Bank (ECB) is another institution of the European Union (EU). It controls the supply of Euro in the Eurozone (or Euro Area), which has 16 member states. This makes it one of the world's most important and powerful central banks.
Debt for Equity Swap	Some economists are arguing that the government should 'swap' its debt for the shares ('equity') that it holds in the banks (the government are now main shareholders in the main banks). So investors who are bondholders in the banks would receive shares instead of their money back
GDP (Gross Domestic Product)	The gross domestic product (GDP) is the amount of goods and services produced in a year, in a country. It is the market value of all final goods and services made within the borders of a country in a year.
European Financial Stability Facility (EFSF)	The European Financial Stability Facility (EFSF) was set up by the 27 member states of the European Union in May 2010 to help preserve financial stability in Europe by providing financial assistance to Eurozone states in difficulty. The facility can only act after a support request is made by a Eurozone member state and a country programme has been negotiated with the European Commission and the IMF, and after such a programme has been unanimously accepted by the Eurozone finance ministers and a memorandum of understanding is signed. This would only occur when the country is unable to borrow on markets at acceptable rates.