

JIM C'S QUIZ OF THE WEEK

MONDAY - 8/27/2007

Human greed leads to booms, which in turn lead to busts, and the current sub-prime debacle is a perfect example of the cycle.

HOW DID THE TERM “*BOOM AND BUST*” ORIGINATE?

Encarta Definition: “Alternation of economic growth and recession: the alternation in an economy or market between immoderate growth and collapse and recession.”

Clarification: “Booms” usually end with failure of speculative investments built on a bubble of confidence that bursts or deflates. “Busts” reflect a purging of unsuccessful enterprises as resources are transferred by market forces to more productive uses.

Etymology: Bust - variant of *burst*, 1764, American English originally "frolic, spree;" sense of "sudden failure" is from 1842.

Boom - "long pole," 1543, from Scottish *boun*. The business sense (1873) may be from the nautical meaning "a long spar run out to extend the foot of a sail;" a ship "booming" being one in full sail.

The “*boom and bust*” description of the economic cycle has its primary origins in Austria and Germany in the early 1870s, when both the Austrian economists and Marxists dealt with such subjects as money, capital, business cycles, and economic processes.

**C W: Boom & Bust = An economic consequence of greed and fear
Moment of Zen: Being a winner or loser is only a matter of timing**