

Business in Canada

- What's a business?
 - A profit making organization
- What's profit? (π)
 - $\pi = \text{revenue} - \text{expenses}$
- Are there 'businesses' that don't fit this definition?

The Economy

Economic System:

“The way in which a nation allocates its resources among its citizens”

Business Essentials

“The field on which our business must play”

Factors of Production

- Labour
- Capital
- Entrepreneurs
- Natural Resources

Economic Systems

Command

Market



communism socialism

capitalism



Government – Involvement

- Regulator
- Competitor
- Customer
- Banker

Competition Act

- Collusion
- Mergers (monopoly, oligopoly)
- Predatory pricing
- Misleading marketing
- Pyramid selling
- Sale price maintenance
- Bait-and-switch

Government as competitor

- Crown corporations:
 - Canada Post
 - Wheat Board
 - Hydro Quebec
- Government Monopolies:
 - OHIP
- Government Services:
 - Schools
 - Police

Government as Customer

Canada 2011 GDP=1,800

	2012 (billions)
Debt charges	30
Operating and capital	69
Transfer payments	151
Total	250

USA 2011 GDP=15,000

2012 (billions)
2,500

	2012 (billions)
Social Programs	117
International, Immigration, Defense	34
Parliament	1/2

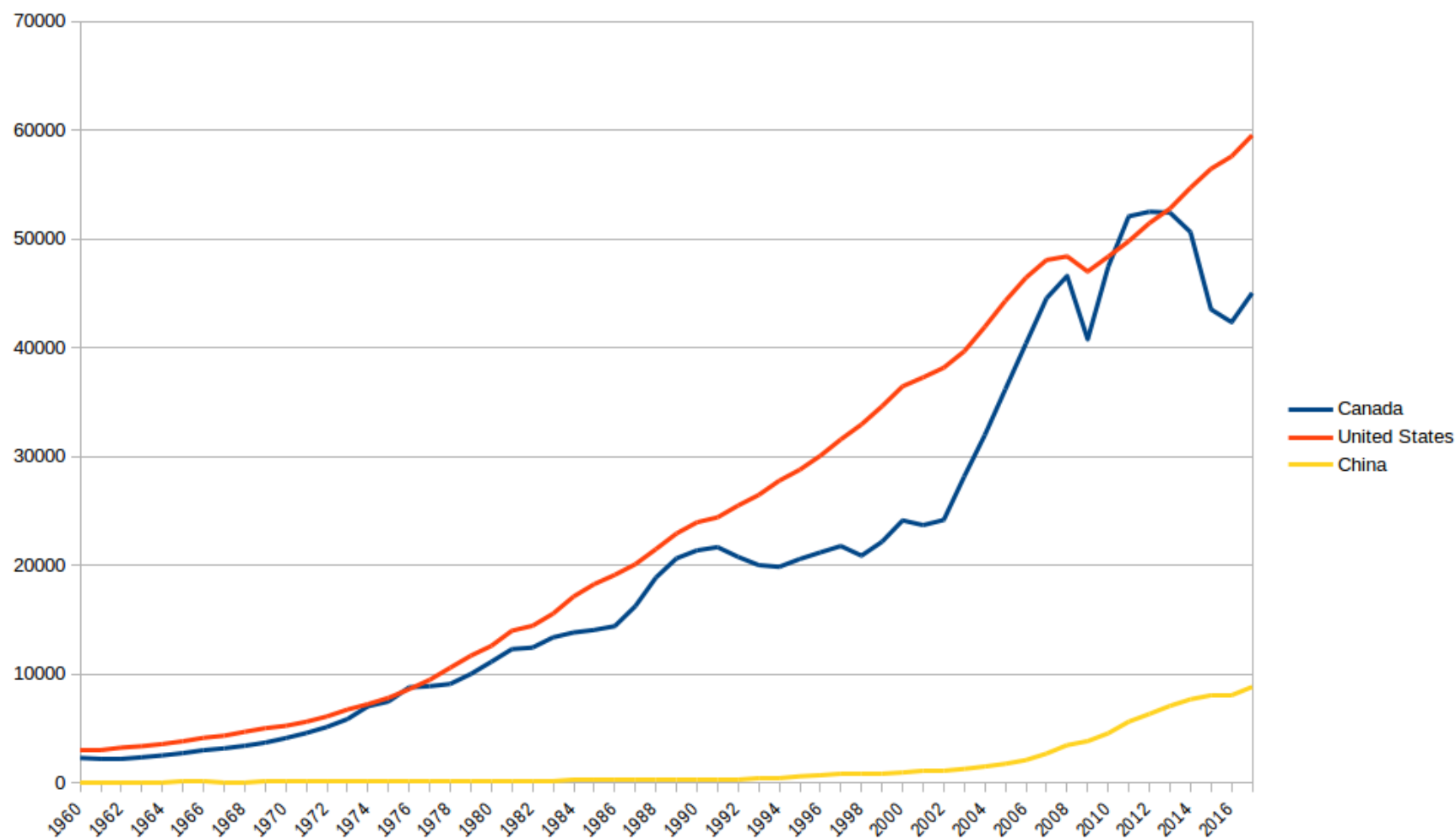
2012 (billions)
785

State
Defense
1/2 NASA
1/2 Energy

Government as Bank

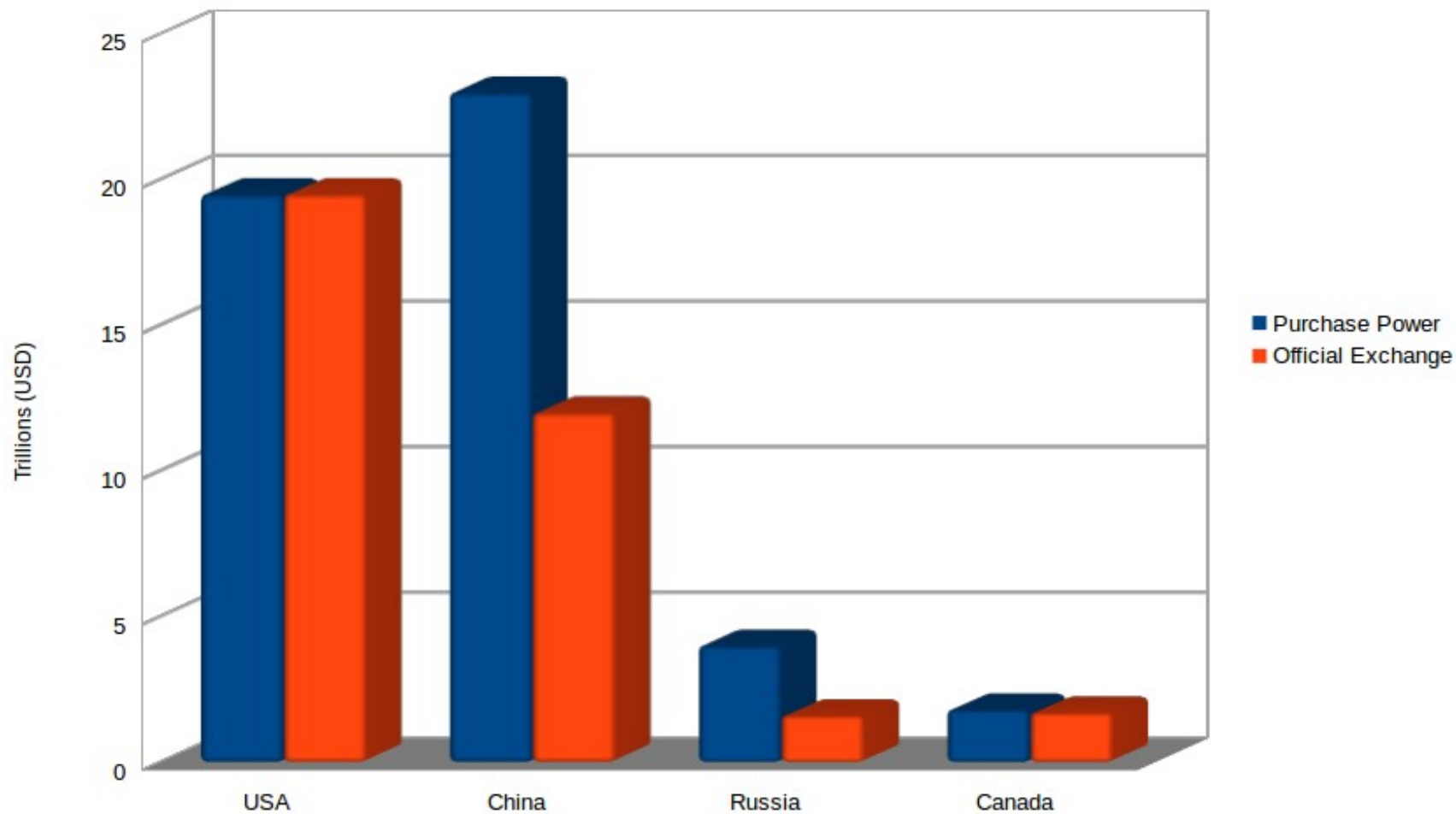
- Monetary policy
- Bank of Canada interest rate
- Some control over foreign exchange rate

Per Capita GDP in 2017 US Dollars



GPD 2017

(CIA Factbook)



Foreign Exchange

- What is it?
- Why do we care?
- What drives it?

Inflation

- What is it?
- What drives it?
- Why does the Bank of Canada target 2%?

Managing the Economy

- Fiscal Policy
- Monetary Policy
- Dampers

Forms of Ownership

- Sole proprietor
- Partnership
- Corporation:
 - Private
 - Public
- Holding company

What form to choose?

- Often chosen for you:
 - Medical corporation
 - IT contractor
- Get some advice:
 - Lawyer
 - Mentor
 - Accountant (familiar with your business)