Business & Corporate Vocabulary

Corporation-business which is owned by stock holders and limits the liability of investors and designated by the label "Inc." for incorporated.

Stock or Shares- a share of ownership in a company which can be bought or sold on the "Stock Market". These company stocks are referred to as "publicly traded"

Dividend- a sum of money paid to shareholders of a corporation out of Profits

Bonds- certificates of debt- promises by a company to repay (with interest), money the company borrowed from bondholders.

Securities- term that refers to either stocks or bonds

Commodities- goods such as coffee, wheat, sugar,corn,etc. that are traded on a commodities market, rather than stock in companies

SEC-Securities Exchange Commission- Federal (US Gov.) Agency that regulates or oversees the trading of securities

Wall Street- The location in New York City of the New York Stock Exchange (NYSE is the largest stock market in the world)

NASDAQ- founded in 1971- Originally titled National Assoc. of Securities Dealers Automated Quotations. It is an electronic stock exchange an is the largest of this type in the world. Many tech stocks trade on NASDAQ

Dow Jones Industrial Average- an average of the stock prices of major industries on a given day

Additional Vocabulary Chapter 20

Tycoon- A wealthy and powerful industrial leader.

Mass Production- The making of items in huge quantities, quickly and cheaply.

Laissez Faire- Policy where the government does not interfere in business affairs.

Social Darwinism- A social theory developed by Herbert Spencer that applied the scientific theory of "survival of the fittest" to human society and business.

Tariff- A tax by the US Government on goods coming into country (imports)

MONOPOLY *A situation in which only one seller controls the production, supply, or pricing of a product for which there are no close substitutes.* In the United States, basic public services such as electrical power distributors and cable television suppliers operate as local monopolies. This way of providing utilities is economically more efficient than having several competing companies running electricity or cable lines in the same area.

Monopolies, however, can be harmful to the economy. Since it has no competition, a monopoly does not need to respond to the wants of consumers by improving product quality or by charging fair prices. The government counters the threat of monopoly either by breaking up or regulating the monopoly.

TRUST *A form of business merger in which the major stockholders in several corporations turn over their stock to a group of trustees.* The trustees then run the separate corporations as one large company, or trust. In return for their stock, the stockholders of the separate corporations receive a share of the trust's profits.

American business leaders of the late 1800s used trusts to stifle competition and take control of entire industries, as in a **monopoly.** Trusts were outlawed by the Sherman Antitrust Act of 1890. However, business leaders eventually found other ways to merge corporations in an industry.