

Warm Up

Name two advantages AND disadvantages to: Sole Proprietorship, Partnership, Corporation?

In reference to a corporation, what is an IPO?

How do corporations earn more money? The sale of bonds or stocks?

What is the SEC? What is their purpose?

What is Depreciation?

CEQ: What were the results of the Nevada Republican Caucus?

Chapter 7



Key Terms

What is the Stock Market?

Why do companies issue stock?

It is way to get money without taking out a loan

The people buy stock which gives money to the company

Why do people buy stock?

Buying stock gives individuals ownership in the company

If the company makes money then the owners of the stock share in the profits



Key Terms

Bull Market – When the stock market has an upward trend

Bear Market – When the stock market has a downward trend

SEC – Securities and Exchange Committee

Polices insider trading amongst other things



Key Terms

Dow Jones (DJI) - The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The DJIA was invented by Charles Dow back in 1896.

NYSE – New York Stock Exchange



Warm Up

What is the Dow Jones Industrial Average? What acronym does it go by?

Why do companies issue stock?

What do people get when they buy stock?

What is a Bull Market? Bear Market?

CEQ: Which movie won Best Picture at the Oscars last night? Draw a demand and supply curve for that movie prior to the Oscars. Now show me what would happen to that graph based on the Best Picture win.

Chapter 7

Laissez-faire – Philosophy that says the government should not interfere with the economy

Market Structure – The nature and degree of competition among firms operating in the same industry

Perfect Competition – When the following conditions exist

Large number of buyers and sellers

Buyers and sellers deal in identical products ex) salt

Each buyer and seller acts independently

Buyers and sellers are well informed

Buyers and sellers are free to enter and exit business at any time

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Imperfect competition – when one or more of the conditions do not apply

Product differentiation – real or imagined differences amongst products

Nonprice competition – The use of advertising, giveaways or any promotion that sways buyers one way or another

Collusion – A formal agreement to set prices or to behave in a cooperative manner

Price Fixing – companies agreeing to set the price of a product so all make a bigger profit

Warm Up

What is perfect competition? What characteristics are necessary for perfect competition. Give an example

What is collusion? Price Fixing? Why are they illegal?

What is Laissez-Faire Economics? What Physiocrat came up with this concept? What book did he write? What type of economics is this?

Today is Super Tuesday! What states are conducting their primaries today?

Chapter 7

Public Goods – Products that are collectively used by the public

Highways

Fire Department

Police Department

National Defense

Post Office

Chapter 7

- Externality – The unintended side effect that either benefits or harms a third party not involved in the activity that caused it
- Negative Externality – The harm, cost or inconvenience suffered by a third party because of the actions of others
 - Airport noise
- Positive Externality – Benefit received by someone who had nothing to do with the activity that generated the benefit
 - Extra jobs from a casino opening up

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