

Vocabulary

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Study the vocabulary words and definitions below.

- corporation** a form of business ownership that allows a company by law to exist and conduct business affairs in its own name; supported with common and preferred stock
- demand deposit** funds deposited in a bank that are available upon demand
Example: checking account
- discount rate** the interest rate charged by the Federal Reserve System for temporary loans to its member banks
- Federal Reserve System (Fed)** a United States government agency whose basic role is to control the nation's money supply
- gross domestic product (GDP)** ... the total value of goods and services produced in one year within the borders of a nation, by whoever produces them
- inflation** a sustained increase in the average level of prices of goods and services resulting in a loss of the purchasing power of money
- legal tender** currency that may be lawfully offered in payment of debts
- money supply** the amount of money in circulation
- monopolistic competition** a system in which there are only a few sellers in the marketplace

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- monopoly** exclusive control of a commodity or service in a particular market
- oligopoly** the market condition that exists when only a few sellers have the resources to produce a particular good, such as an automobile or aircraft
- partnership** a business owned by two or more persons
- prime interest rate** the interest rate charged by a bank to its best customers for a short-term loan
- public utility** a company granted exclusive control of a good or service offered to the public
Example: electric company
- pure competition** a market in which many independent sellers offer the same goods and services
- pure monopoly** a market in which there is only one seller of a product
Example: public utilities
- recession** a decrease in demand for goods and services and an increase in unemployment leading to a decline in the economy; a downturn in the economy, characterized by a decrease in business activity
- sole proprietorship** a business owned by one person
- time deposit** deposits with specific maturity periods; usually pay higher interest than demand deposits
Example: certificates of deposit