***2/13/15 Notes***

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| *Comparison of Market Structures* |
|  | **Perfect Competition** | **Monopolistic Competition** | **Oligopoly** | **Monopoly** |
| Number of firms | Many | Many | A few dominate | One |
| Variety of goods | None | Some | Some | None |
| Control over prices | None | Little | Some | Complete |
| Barriers to entry | None | Low | High | Complete |
| Examples | Stock & Commodities | Jeans | Cars & cell phones | Public water, land line phone |

* **Commodities:** usually raw materials (wood, fruits/vegetables)
* **Cartel:** agreement between competing firms (companies) to control prices or exclude entry of a new competitor in a market
	+ Fragile can break-up easily
* **Organization of the Petroleum Exporting Countries (OPEC):**
* **IPO:** initial public offering
* **Blue chip stock:** a company that makes a lot of profit
	+ “Big Blue” stock – IBM

**2/23/15**

* **Income stock:** stocks that pay dividends to stock holders
* **Growth stock:** stock that invests dividends into the company to help grow the company
* **Collusion:** planning to commit a crime
* **Franchise:** buying the right to a name to use on your business
* **Dividend:** when stockholders get a part of the profit
* **Economy of scale:** bigger the company –> costs them very little to produce units of products
* **Patent:** ownership of an invention

**2/26/15**

* **Zoning laws:** city law that requires certain things to be built in certain parts of town
	+ Houston has ***no*** zoning laws
	+ Houston has deed restrictions – can’t open up business in a neighborhood
* **The Federal Reserve ( The FED):** Central banking system of the United states
	+ **Interest rate** is controlled by the Federal Reserve
	+ If Federal Reserve prints too much money 🡪 it can produce inflation (money losses value)
* **Horizontal merger:** when a company buys their competition
* **Vertical merger**: when a company buys suppliers
* **Insurance:** contract to protect you from a risk. Sharing risk
* **Premium:** monthly insurance payments
* **Austerity plan:** policies used by governments to reduce budget deficits during adverse economic conditions.
	+ policies may include spending cuts, tax increases, or a mixture of the two
* **Intellectual property:** if you invent something and you have someone use it to make money they owe you money (royalties)
	+ Franchise is a type of intellectual property
	+ Patents and copyrights are also intellectual property