



UNIT 8

Money Makes the World Go 'Round



ARE ALL TYPES OF BUSINESS THE SAME?

List them...

Sole Proprietorship

One owner. May be a family, but does not usually last beyond entrepreneur who started it. Lots of risk.



Partnership

Two or more people.
May last longer than
original founders.
Risk is spread
among partners



Corporations

Can have thousands of owners. Publicly traded (people can buy stock). Lasts generations, lower risk, however higher risk investments



Corporations...

- Dividends: a sum of money paid to shareholders of a corporation out of earnings (profits from stock you own).



- Franchise: the right or license granted by a company to an individual or group to market its products or services.



Liability:

- Unlimited Liability: responsible for all debt
- Limited Liability: debt is spread among owners



Role of Money

- Fiat Money - money that is not backed by the Gold standard. It's made legal tender by the government saying it is.
- Gold Standard – The value of currency being defined by gold. Currency could be exchanged for gold.



Role of Banks

- Commercial Banks – Banks the general public can use
- Working with the Government – The Federal Reserve “The Fed” is the nation’s bank and they create the rules other banks need to follow
 - *Reserve requirement – the minimum amount a bank needs to have available (percentage of deposited money)*
 - *Monetary Policy*

Role of Industry

- NC Industry – The collection of businesses that make up the economy for the state. Used to be furniture manufacturing, textiles and tobacco. Now banking, aerospace/defense, biotechnology.
- RTP – Research Triangle Park. High tech, high paying jobs in the Raleigh area. Innovation and problem solving