

accounts payable: Money a firm owes
goods purchased and not yet paid for
include such obligations as
other debts.

Money owed a firm
is purchased and
include income
and balance

THE VNR DICTIONARY OF BUSINESS AND FINANCE



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The VNR Dictionary of Business and Finance

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The VNR Dictionary of Business and Finance

Preface

We have long believed that anyone associated in any way with business and finance needs a clear, concise, up-to-date dictionary containing all the key words and phrases encountered in the course of work and study—yet no such dictionary was in print.

The VNR Dictionary of Business and Finance is our attempt to fill that need. It contains all those key words and phrases, drawn from every major business, financial, and professional area. These areas include finance, management, computers, statistics, law, accounting, government, industrial relations, advertising, marketing, merchandising, research, quantitative management, operations, packaging, real estate, securities, insurance, general business, and the many interfaces between government, business, and the professions. Throughout the dictionary, we have included practical examples of current usage.

We have made every effort to be clear and concise. In selecting entries, we have, whenever appropriate, tried to consolidate several related words into one usable definition, rather than defining several forms of the same word. We have selected those words and phrases that are most often encountered in general business and financial practice rather than words that are of interest only to particular disciplines.

The VNR Dictionary of Business and Finance is designed to be the basic business and finance desk dictionary. Those practicing in special areas will benefit most from having both this general dictionary, covering the whole world of business and finance, and a specialized dictionary. For example, a computer specialist should have both a general business dictionary and a computer dictionary; a lawyer should have one or more law dictionaries along with a general dictionary of business and finance.

A clear and concise dictionary should have as few cross-references as possible. Thus, to minimize page-flipping by busy readers, we have most often briefly defined terms that might otherwise have been cross-referenced. Key words in the definitions will, however, lead interested readers to wider definitions, where appropriate. Where two or more terms are synonymous, in general the most commonly used term is defined, and the less commonly used terms are cross-referenced.

Many of the terms commonly encountered in business and finance have quite different meanings in different contexts. Sometimes these differ from each other as well as from general nonbusiness usages. For such terms, we have numbered the various meanings in their general order of importance, giving the most general

meanings first, except where a very narrow meaning is that meaning most often encountered.

The alphabetizing style we have chosen is “letter by letter” rather than “word by word.” This method should enable users to find desired words and phrases quickly and easily.

This dictionary is intended for use by people in both large and small businesses; people in all the professions associated with business and finance, including law, accounting, insurance, securities, banking, consulting, and advertising; people in government; students and teachers; librarians and those using libraries. In short, this dictionary is designed for people at all levels who need a concise dictionary of business and finance, written in precise, easy-to-understand, business English.

Any such dictionary is by its very nature selective, reflecting the authors’ decisions regarding which terms will prove most useful to its users. While including as many new terms as possible, they must seek to select only those terms of lasting value and exclude the jargon of the moment. Nevertheless, should there be any significant omissions, we take full responsibility.

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The VNR Dictionary of Business and Finance

A

ABA: See American Bankers Association.

abandonment: **1.** The total, irrevocable and voluntary giving up of any property and of all possible rights to that property. Once abandoned, the property becomes the possession of the first to claim it. **2.** In marine insurance, the giving up of wrecked ships to the underwriters in return for the settlement of claims, a practice now specifically prohibited by many insurance policies.

abatement: **1.** A decrease; for example, a reduction in taxes on real property due to special circumstances or on imported goods due to spoilage in transit; also a legally acceptable decrease in payments due or received for any reason. **2.** The total destruction of a plaintiff's cause of action at law, but leaving the plaintiff the ability to commence another cause of action based on the same set of facts.

abend: To *abnormally end*, specifically referring to a computer program that does not run properly, for whatever reason; also called abort.

ability to pay principle: The belief that taxes levied should depend on the relative abilities to pay of those taxed. The practical applications of this belief included both progressive income taxes and wealth taxes.

ab initio: Latin for from the beginning, describing the legal status of a condition or transaction, whether by its very nature or constructed from subsequent matters; for example, as applied to a contract that is void from the start, or to a legal entry later construed to have been a trespass from the

start due to the subsequent actions of the trespasser.

abort: To terminate a program in the process of being executed, whether by machine or human intervention, when an irretrievable malfunction or error occurs.

above par: Above listed, or par, value. Any stock selling for more than its listed value is selling above par.

above the line: **1.** Describing any normal, customary item on an accounting statement; unusual items are described as *below the line*. **2.** In marketing, describing costs for advertising, while other sales promotion costs are called below the line.

abrogation: The destruction or repeal of an existing law, whether by legislative, judicial, or executive act, or by practice.

abscissa: The horizontal distance from 0 on the base line of a graph, or the number of units a point is from the origin on the x-axis; one of the two coordinates necessary to describe a point on a rectangular or Cartesian graph, the other being the ordinate.

absentee: One who is not present when expected by others, especially for a scheduled work period.

absenteeism: The rate of absence from scheduled work by one or more workers. If ten workers are due to work a shift and three are absent, the absentee rate is 30%. Of if over a period of ten shifts, an average of four workers are absent per shift, or 40 out of 100, the rate of absenteeism is 40%. Permissible rates of worker absenteeism are

2 absentee ownership

often negotiated and made part of modern collective bargaining contracts.

absentee ownership: The ownership of wealth-producing assets by those who neither work nor manage those assets, a common form of industrial ownership. Often used as term of opprobrium by local people who feel that absentee owners care little about local people and their interests but only about profits.

absolute coding: Computer coding in machine language usable by the central processing unit being coded, rather than in symbolic language.

absolute sale: A sale which is consummated in full at the moment of formal agreement, with no conditions of any kind accompanying the sale, as distinct from a "conditional" sale, which becomes fully consummated only upon the occurrence of specified later events.

absorbed cost: Any additional, determinable cost which might either be passed on whole to the buyer or paid by the seller, but which is paid by the seller, such as postage or handling charges.

absorbent packing: Packing material capable of absorbing liquids, used in packages containing liquids that might either leak or exude moisture during storage and shipment.

absorption: See freight absorption.

absorption costing: A method of allocating all or part of fixed and variable production costs to goods in production, goods sold, and inventory.

abstract: A written summary of the contents of a longer work, such as a brief digest of a legal decision or of any other document or set of documents.

abstract of title: A summary statement of all transactions affecting title to land, all interests held by anyone in that land, and all liens, charges, or other claims upon that land. It is a basic document needed by all purchasers of land.

accelerated depreciation: Any method of cal-

culating depreciation of land, buildings, or other fixed assets so that the stated value of the asset diminishes faster than if it lost its value in equal proportions, period after period, as is the case when *straight line* depreciation is used. It is used widely as a tax avoidance device, especially in real estate and generally throughout American industry.

acceleration clause: A clause in a debt instrument, such as a mortgage, which makes the entire amount of the debt due and payable on demand if the conditions stated in the clause are not met. For example, the entire amount of a mortgage may become immediately due if a single payment of interest or principal is missed.

acceleration principle: The theory that when demand for consumer goods rises, investment in capital equipment rises even faster; conversely, that when consumer demand drops, capital equipment investment drops faster.

acceptable quality level (AQL): That proportion of goods which must reach a pre-set standard. For example, an acceptable quality level of 96% means that a 40% rejection rate on inspection of a shipment received is acceptable to the buyer, while a 5% rejection rate may cause return of the entire shipment.

acceptance: Agreement to a transaction with intent to carry through that transaction. It is usually expressed and indicated by acts such as signing a contract, writing "accepted" on the face of a time draft or bill of exchange, receiving and holding delivered goods, or registering a deed. Acceptance may be implied, conditional, or partial, as when property is received and held, but the question of the receivers' intent to keep it can be disputed. Some common examples are banker's acceptances, bills of exchange, and trade acceptances.

acceptance bank: A banking firm that specializes in handling bills of exchange.

acceptance sampling: A method of partial in-

spection of goods in which those inspecting examine a relatively small part of a lot and statistically infer the condition of the entire lot. For example, 100 out of 1,000 pieces may be examined; if 3 of 100 are defective, a rate of 3%, or 30 in 1,000 for the entire lot is inferred.

accession rate: A figure derived by dividing the number of employees newly hired and rehired in a given period by the total number of those employed in that period. The Bureau of Labor Statistics computes the accession rate in United States manufacturing industries monthly.

access time: The time it takes for a computer to transfer information between its storage and processing units.

accident frequency rate: The number of disabling injuries per one million hours actually worked; a figure computed by the Bureau of Labor Statistics.

accident insurance: 1. Insurance against claims of others who allege the insured's involvement in claimant's accidents; a kind of liability insurance. 2. Insurance covering an insured for damages to person or property stemming from an accident; for example, workmen's compensation.

accident prone: Describing those who tend to become involved in far more accidents, usually both at work and in their private lives, than their contemporaries under roughly similar conditions.

accommodation endorsement: See accommodation party.

accommodation paper: A debt instrument which is co-signed by one who does not receive the borrowings, but who is signing as guarantor that the borrower will repay or, if not, that the co-signer will repay the debt.

accommodation party: One who signs a debt instrument and undertakes co-liability for borrowings while not receiving any of the proceeds of those borrowings.

account: 1. A written record of transactions,

kept in one or more ledgers and usually, though not always, expressed in money or money equivalents. 2. A customer, one who has a bank or brokerage account, or one who regularly buys and is extended some kind of business credit.

accountability: Responsibility to others for properly accomplishing tasks, as of subordinate to superior in a corporation or any other human organization. The term is also used more generally, as in accountability of governments to those governed.

accountancy: Accounting theory and practice. In modern usage, it is synonymous with accounting.

accountant: One who practices accounting, such as a Certified Public Accountant or public accountant.

account balance: See balance.

account executive: An employee responsible for handling the relationship between a firm and one or more of its clients; widely used in advertising, but also in other service industries, such as consulting, securities, and insurance.

accounting: 1. Reporting, classifying, summarizing, and interpreting transactions, partly or wholly of a financial nature. 2. Any formal report of an entity's transactions during a specific period, usually including a summary of the entity's current status as of the beginning of the period.

accounting period: Any period for which an accounting is prepared, usually monthly, quarterly, and yearly.

accounting practice: 1. The professional practice of a Certified Public Accountant or public accountant. 2. The normal and generally accepted practices of accountants regarding commonly encountered professional matters.

accounts payable: Money a firm owes others for goods purchased and not yet paid for; does not include such obligations as notes, bonds, and other debts.

accounts receivable: Money owed a firm by its customers for goods purchased and not yet paid for; does not include income from such sources as investments and bank deposits.

accounts receivable financing: Use of money owed a firm in receivables to secure funds, either by the sale of those receivables to others, a process known as factoring, or by their use as loan collateral.

accretion: In general, any gradual increase in size; in business the meaning has expanded to mean any increase in value of any asset for any reason and at any rate of speed.

accrual: 1. The process of adding to and accumulating. Also refers to anything that is added to and accumulates. 2. In accounting, continuous or periodic change in the amount of any account, including increases and decreases, income and expenses. Also refers to the specific account item that is changed by the process of accrual.

accrual basis: An accounting method which records income and expenses for accounting purposes when they are earned and incurred rather than on a cash basis, when they are actually received and spent. For example, on the accrual basis, goods bought are charged against the day they are actually bought rather than the day they are paid for, which may be considerably later; goods sold are recorded as income, minus any necessary reserves for uncollectibles, when sold rather than when the money due for them is collected.

accrue: 1. To increase, accumulate and accrete over some extended period of time. 2. To reach the point where an increase is gained, as when pension rights accrue to their holders at the moment of vesting, or inheritance rights accrue to their holders on the death of the testator. 3. In accounting, to record accruals in the appropriate accounts.

accrued: Describing any item which, for accounting purposes, has been earned or incurred but which has not yet been received or spent.

accrued dividend: Dividends thought to be due, undeclared, and unpaid. In fact, dividends are not due until declared by a firm's board of directors, so this phrase describes a situation that can exist only in certain private securities sales situations.

accrued expense: An expense incurred and recorded in one accounting period which is due and payable in a future accounting period, under an accrual basis accounting method.

accrued income: Income earned and recorded in one accounting period which is to be actually received in a future accounting period, under an accrual basis accounting method.

accrued interest: Interest earned that is not yet due and payable, as with fixed interest bonds earning interest every day which is payable quarterly or semi-annually.

accumulated dividend: See dividend in arrears.

accumulated income: Net and undistributed corporate income which is not offset by losses. How much corporate income can be held undistributed without being subject to tax is the focus of a considerable body of tax law.

accumulated profits: See accumulated income.

accumulated surplus: See accumulated income.

accumulation: The acquisition of marketable securities or goods over a period of time, in such fashion as to avoid public notice, which might drive up the market price of that which is being accumulated. For example, securities might be so acquired during a period of depressed prices; a kind of collectible might be accumulated before it becomes popular; or the shares of a company might be accumulated by a potential acquirer in anticipation of a takeover attempt.

ACH: See automated clearing house.

acid test: The ratio of liquid assets, including

cash, trade receivables, and marketable securities, to current liabilities. Used to assess the credit-worthiness and liquidity of a business, with a ratio of 1:1 generally thought acceptable. Also called quick ratio.

acquired surplus: Accumulated income of a company which is taken over when that company is acquired by another.

acquisition: 1. The process of gaining ownership of anything. Also that which is acquired. 2. In business, the process of gaining full or partial but controlling ownership of a business entity. Also, the business entity which is acquired.

acquisition candidate: A company that others are seriously thinking of acquiring or trying to acquire, whether or not that company desires to be acquired.

acquittance: A document that completely discharges a financial debt or other performance obligation; usually issued upon settlement of a financial obligation.

acreage allotment: The amount of land that a farm may use for production of a specific crop; part of the national farm price support program, which seeks to limit supply in order to keep prices at minimum specified levels.

acronym: A word constructed from the first letters of a series of related words, as in NASA for National Aeronautic and Space Administration, or ALGOL for *Algorithmic Language*.

across the board: Referring to a group of numbers that have all risen or fallen together; for example, the prices of securities listed on an exchange or uniform wage increases for all employees in a plant or industry.

action: The pursuit of a claimed legal right by any kind of legal process in a court of law. Also refers to the legal proceeding itself.

active account: An account that is used relatively often, with transactions occurring

fairly regularly, such as a checking account or a stock brokerage account.

active market: Any market in which trading is heavy. Examples are, a day of large share turnover on the New York and other stock exchanges; a period of heavy trading on the commodities exchanges; or a week of active trading in currencies.

activity charge: A monthly bank service charge on a depositor's checking account, where the average monthly balance in the account is below the minimum which the bank sets to cover the costs of handling the depositor's checks. Special checking accounts have no minimum but charge a flat sum per check drawn.

act of God: An event beyond control or planning; usually a cataclysmic natural event such as earthquake, famine, flood, and pestilence, which precludes contracted performance without penalty or is a stated exception to insurance coverages.

actuary: An insurance mathematics and statistics expert, whose work includes the setting of insurance premiums through the calculation of all the kinds of risks involved.

additional capital: See paid in surplus.

add-on contract: A kind of installment buying contract, in which the purchaser can buy one item, start payments, then add other items, and have them consolidated with the earlier purchase into a single contract, often for a longer repayment period than that provided by the original installment buying contract.

address: In computer systems, the characters that specify the location or destination of any kind of data source.

address of record: An address stated for legal purposes, such as a legal residence statement for tax and voting purposes, or an address stated for purposes of legal notification under the terms of a contract.

ad hoc: On a one time basis. For example, an ad hoc committee is one formed for a

single purpose, to be dissolved after that purpose has been achieved or abandoned; an ad hoc rule is one adopted for a single situation and is not intended to set any precedents.

adjudication: The judgment or decree of a court, usually after the completion of the legal process as to an action.

adjusted gross income: For income tax purposes, gross income minus all deductions from gross income provided by statute, such as business and some other expenses connected with property and wealth.

adjuster: One who examines, evaluates, and negotiates settlement of insurance claims. Adjusters are usually employed directly or indirectly by insurance companies to assess and settle claims on behalf of those insurers.

adjusting entry: A change in existing accounting records to correct entries or to modify them to reflect changing circumstances, such as reserves for bad debts and uncollectibles, accruals and writeoffs.

adjustment: 1. Any satisfaction of a claim, as in the granting of credit to a customer for unsatisfactory merchandise purchased, or the settlement of an insurance claim. 2. Any necessary change, as an adjusting entry in accounting.

administered price: A price mainly controlled by one or more organizations rather than by marketplace supply and demand factors. While direct price-fixing collusion among companies is prohibited by law, groups of companies in substantial control of industries can and do informally set narrow price ranges for many of their products, amounting to effectively administered prices.

administration: 1. The management of matters, businesses, and other organizations. 2. The organizational entity created to accomplish the work of managing matters, companies and other organizations. 3. In law, the process of managing an estate.

administrative action: Action taken by administrators to further the day-to-day work

of management, relying generally upon organizational policies but not upon specific actions of policy-making bodies. For example, an administrator empowered to hire and fire within the bounds of company policies need not consult the board of directors on a hiring decision.

administrative agency: A governmental body set up to administer a specific law or laws. Examples are the Securities and Exchange Commission, charged with administration of federal securities laws and state motor vehicle bureaus which administer laws regulating motor vehicles.

administrative budget: Management's operating budget, controlling normal ongoing business operations, usually on a yearly basis.

administrative discretion: Power to act as one's own judgment indicates within the framework of legislative intention indicated by statute and supporting material. For example, the Public Health Service in its discretion may undertake emergency action to quarantine goods entering the country while investigations proceed as to the health hazards created by those goods.

administrative expenses: Expenses incurred to accomplish the management of matters and organizations. In business, the expenses of management as management, rather than by specific productive functions.

administrative law: The body of law created by the interplay between statutes, administrative agencies, and the courts, in areas of government regulation of the lives of its citizens and their organizations. Composed of statutes and their interpretation in contrast with common law, which is composed of cases and their development.

administrator: One who manages matters and organizations. In business, an executive in charge of some aspect of management. In law, one who manages an estate.

ADP: Automated data processing. See electronic data processing.

ADR: See American Depositary Receipt.

ad valorem tax: A tax computed on the basis of the value of the taxed item; usually expressed as a percentage of that value. Examples are many excise, most property, and all value-added taxes.

advance: 1. To move forward, as in a general rise of stock prices. 2. A loan, as in payment to an employee to be repaid out of future earnings. 3. A non-refundable prepayment, as in a royalty advance to an author and most types of commission prepayments to outside salespeople.

advance billing: Billing submitted for payment before services or goods billed have been performed. Rarely encountered in business unless requested for tax purposes, but practiced by some public and quasi-public organizations.

Advanced Linear Programming System (ALPS): A set of programs used to help solve operations research problems carrying many variables; used in a number of business applications.

advance order: Purchase of goods considerably earlier than needed, usually with shipment deferred until goods are required by the purchasers. Often used when goods desired are or may soon be in short supply or when the seller offers incentives for early ordering.

advance refunding: An offer by a bond issuer to bondholders to exchange new bonds for old bonds at favorable rates, to forestall early redemption of the old bonds. Treasury bondholders often take advantage of advance refunding offers.

adverse possession: Legally acceptable assertion of title to real property by one claiming title but without clear title; usually including some claim to title, and actual and exclusive physical occupancy for a minimum number of years as required by the applicable statute.

advertise: To announce something publicly, especially aiming to sell, purchase, or hire goods or services.

advertised bidding: A mode of obtaining bids to perform contracts, in which the purchaser publicly solicits bids for the work to be performed. Bidders for the contracts must respond with very specific and detailed proposals in competition with all others bidding. This mode of contracting is widely used by governmental bodies and is often required by law; it is seldom used by private industry.

advertising: 1. An attempt to sell anything through paid public distribution of selling material. 2. Selling material publicly distributed through any channels of communication, such as newspapers, broadcasts, mail and films, and in a wide range of possible forms, such as print, radio, and television commercials, direct mail promotions and records.

advertising agency: A business that specializes in the creation, preparation, and placement of advertisements for its clients.

advertising allowance: An amount granted by a manufacturer to independent sellers to advertise the manufacturer's products. The amount is usually expressed as a percentage of the direct costs incurred by the seller in advertising the manufacturer's products, up to a fixed dollar limit.

advertising manager: The employee responsible for overseeing a company's advertising activities. Depending on the company, this manager may run the company's advertising department as if it were an in-house advertising agency, or may mainly work as liaison with outside advertising agencies.

advertising medium: Any channel of communication which is used for communicating the sales messages of advertisers, including all available print and broadcast vehicles.

advertising rates: Amounts charged by advertising media for carrying advertisements placed by advertisers and their agencies; rates vary widely, depending on the size and type of markets reached.

affidavit: A written statement as to facts,

sworn to or otherwise affirmed by its maker before someone legally authorized to administer and verify that oath or affirmation.

affiliate: A company that is closely associated with another company, through partial stock ownership, largely shared boards of directors, shared marketing facilities, or other such relationships, but that stops short of subsidiary status, which requires majority stock control.

affirmative action: Action undertaken, by employers, unions, and others concerned with employment and equal economic opportunity, to reduce discrimination against minority groups and women. The basic statute mandating such actions is the Equal Opportunity Act of 1972, since followed by other administrative and legal actions.

affluent society: John Kenneth Galbraith's ironic term for an American society rich in material goods but poor in social services and human values. Now often merely used as a synonym for wealthy society.

AFL-CIO: Abbreviation of American Federation of Labor-Congress of Industrial Organizations, the major labor federation in the United States, formed in 1955 by merger of the American Federation of Labor, composed mainly of craft unions, and the Congress of Industrial Organizations, composed mainly of industrial unions.

after date: Describing when a debt is due to be repaid, a specific time after it is incurred; for example, a note payable 90 days after the date on which it was executed and the money loaned is payable 90 days "after date."

after sight: Describing when a debt is due to be repaid, a specific time after legal presentation and acceptance of the debt instrument; for example, in "This note is payable 30 days after sight," the debt is due 30 days after acceptance of the note.

agency: 1. A relationship in which one party acts for or represents another, under authority granted by the other. The agency may be

express or implied, exclusive or shared, general or limited. 2. A business organization, mainly engaged in the representation of other organizations; for example, an insurance selling organization that represents and handles business for an insurance company.

agency agreement: A formal and written contract between principal and agent, setting forth all terms and conditions of the agency arrangement; for example, the agreement between an insurance company and one of its general agents.

agency contract: See agency agreement.

Agency for International Development (AID): A United States Government agency responsible for programs of aid to underdeveloped countries.

agency shop: A collective bargaining agreement that requires all employees in a bargaining unit to pay union dues or fees equal to dues to the bargaining agent, whether or not they choose to join the union.

agenda: A list of things to be done. In business, usually an organized and often roughly timed list of matters to be taken up at a meeting.

agent: 1. One who acts for or represents another, under authority granted by the other. Where the agency is a formal business relationship, it is usually governed in every major way by the provisions of an agency contract. 2. One who sells goods and services for another, as do insurance, real estate, and other sales agents.

aggregate demand: The total demand for goods and services during a defined time period.

aging of receivables: A periodically issued statement of accounts payable, listing them in groups by the length of time the listed sums have been owed; part of a firm's financial control system.

agio: The premium paid for exchanging one nation's currency for another's or for handling a foreign bill of exchange.

agribusiness: Those industries, companies, and individuals engaged in agriculture and agriculture-related activities, as big business, including farming and other agricultural production, processing, distribution, equipment, and supporting financial and service functions; in contrast to small family farming.

agricultural carrier: A motor vehicle used in carrying farm products to market and exempted by law from Interstate Commerce Commission rate regulation.

agricultural cooperative: A producer's cooperative, in which farmers pool resources to buy supplies and equipment, harvest and process their crops, and then market those crops collectively.

agriculture: Farming to produce crops and animals. Until recently, it has always referred to working the land, but now also refers to working the sea, using such techniques as hydroponics.

AIB: See American Institute of Banking.

AID: See Agency for International Development.

air express: Shipment of goods by air, in which all aspects of shipment are left to the air shipping company, which picks up, ships, and delivers.

air freight: Shipment of goods by air, in which the originator of the shipments gets the goods to the airline, the airline functions solely as carrier of the goods shipped, and the receiver of the goods arranges pickup from the carrier.

airline: A company licensed by the Civil Aeronautics Board to transport people and goods by air.

air rights: Proprietary rights to air space above owned land. Often leased or sold to others for building purposes, as in the instance of apartment buildings over bridge approaches in some major cities.

ALGOL: An international procedural language used in computer programming sys-

tems, primarily for scientific data processing; an acronym for *Algorithmic Language*.

algorithm: A set of well-defined steps for solving a mathematical or logical problem, as in the conversion of a Fahrenheit temperature to Celsius. Algorithms are basic to computer programming because they provide rules for solving problems without the use of judgment.

Alliance for Progress: A multi-national set of programs aimed at assisting the economic growth of Latin American Countries, in which the United States and most Latin American countries are members. Mainly financed through the United States Agency for International Development.

allied products: Products that are most often used jointly, as are corn flakes and milk or shaving cream and razor blades.

allocate: 1. To distribute according to a plan or set of rules, as in distribution of scarce commodities by government in time of emergency. 2. To distribute expenditures and revenues according to function among various accounts in an accounting system. For example, the direct costs attributable to order processing may be distributed among the various products for which orders were processed.

allocation: See allotment.

allocation of resources: See resource allocation.

all or any part: In underwriting new securities issues, a term indicating that a firm bidding for the issue will buy the entire issue or any available part of the issue, for resale to the public.

all or none: 1. A commitment by new securities issue underwriters to sell the entire issue within stated time limits or void the issue, then returning all funds received to the issue's buyers. 2. An instruction from principal to broker, that the entire purchase requested be consummated or no purchase be

made, thus specifically prohibiting a partial purchase.

allotment: 1. Distribution according to a plan or set of rules. 2. A portion of that which is distributed. Examples include a portion of scarce commodities distributed by government in time of emergency; or a portion of a new securities issue sold to a firm by an underwriting syndicate.

allowance: 1. A sum granted by an employer for reimbursable employee expenses, as in a daily fixed expense allowance for traveling salespeople. 2. The amount of quality or quantity deviation that will be acceptable by a buyer without penalty to the seller. 3. The amount taken off a debt to offset claims by the debtor for such matters as defects in delivery or goods delivered. 4. Sums set aside as advance offsets for such matters as bad debts and uncollectibles.

all-risk insurance: See comprehensive insurance.

alongside: See FAS.

alpha error (α): See Type I error.

alphameric: See alphanumeric.

alphanumeric: Referring to a set of characters containing letters, numerals, and often other special characters; synonymous with alphameric.

ALPS: See Advanced Linear Programming System.

altered check: A check that has undergone unauthorized change after issuance, usually by addition or erasure, so that such matters as payees, amounts, and dates have been materially altered.

alternative cost: See opportunity cost.

alternative hypothesis: In research, the theory that the researcher sets out to prove, with the experiment designed so that if results are statistically significant, the null hypothesis—that results are due to chance alone—can be disproved, though subject to Type I and Type II error.

ALU: See arithmetic and logic unit.

AMA: See American Management Association.

amalgamation: See consolidation.

American Arbitration Association: A non-profit private organization functioning as impartial arbitrator of disputes, especially in all areas of business and collective bargaining. Many commercial and labor contracts provide for arbitration by the American Arbitration Association, and such arbitration is often binding upon the parties.

American Bankers Association (ABA): The largest national organization of commercial banks, and one of the oldest trade associations in the United States. It is involved in legislative representation of the banking industry, professional development programs, development of industry standards, and publishing in banking areas.

American Depositary Receipt (ADR): Receipts issued by American banks in place of foreign stocks held in trust by those banks. Relatively few foreign stocks are directly traded in the United States, but instead become tradable through the device of the depositary receipt.

American Federation of Labor: See AFL-CIO.

American Institute of Banking (AIB): Professional development arm of the American Bankers Association; awards professional certificates and publishes texts and other materials.

American Management Association (AMA): The largest national non-profit organization of management professionals, with membership drawn from both business and academe; heavily involved in professional development, publishing, and research in all management areas.

American National Standards Institute (ANSI): A standard-setting organization for the computer industry, composed of industry people and computer users.