

# The Corporation

- [1611] A body corporate legally authorized to act as a single individual, an artificial person created by royal charter, prescription, or act of legislature, and having authority to preserve certain rights in perpetual succession. (OED)
- Compare *publicani* of ancient Rome, essentially corporations (though the most prominent were private collecting agencies for taxes)

# Board of Directors

- In US, Board is commonly chaired by CEO
- But CEO is hired by the Board
- In Germany, firms have two boards of directors. There is the Aufsichtsrat (Supervisory Board) and the Vorstand (Management Board).

# For-Profit vs. Non-Profit

- For-profit corporation is owned by shareholders, equal claim after debts paid, subject to corporate profits tax
- Non-profit is not owned, self-perpetuating directors. Not subject to corporate profits tax
- For-Profit exists to benefit shareholders, non-profit does not
- So, for-profit has a price per share, non-profit does not
- Ideally, for-profit has value only because the company is dedicated to advancing the shareholder, either through dividends or through share repurchase