

6 Interrogatives: wh-? words and how?

54 Interrogative adjectives and pronouns

For persons: subject *who* (pronoun)
object *whom, who* (pronoun)
possessive *whose* (pronoun and adjective)

For things: subject/object *what* (pronoun and adjective)

For persons or things when the choice is restricted:

subject/object *which* (pronoun and adjective)

The same form is used for singular and plural.

what can also be used for persons (see 58 D).

55 Affirmative verb after **who, whose** etc. used as subjects

who, whose, which, what when used as subjects are normally followed by an affirmative, not an interrogative, verb:

Who pays the bills? (affirmative verb)

Whose/Which horse won? (affirmative verb)

What happened?/What went wrong? (affirmative verb; possible answers: *We missed the train/had an accident.*)

But with **who, whose** etc. + **be** + noun or personal/distributive pronoun, an interrogative verb is used:

Who are you? Whose is this? What is that noise?

With **who, whose** etc. used as objects of a verb or preposition an interrogative verb is, of course, necessary.

56 Examples of the use of **who, whom, whose, which** and **what**

A **who, whom, whose**

who as subject:

Who keeps the keys? (affirmative verb)

Who took my gun? (affirmative verb)

Who are these boys? (interrogative verb)

who, whom as objects of a verb:

Normal English: *Who did you see?*

Very formal English: *Whom did the committee appoint?*

whose as subject:

Whose car broke down? (affirmative verb)

Whose (books) are these? (interrogative verb)

whose as object of a verb:

Whose umbrella did you borrow?

B which

which as subject:

Which pigeon arrived first? (affirmative verb)

Which of them is the eldest? (affirmative verb)

which as object of a verb:

Which hand do you use? Which of these dates would you prefer?

C what

what as subject:

What caused the explosion? (affirmative verb)

What kind of tree is that? (interrogative verb)

what as object of a verb:

What paper do you read? What did they eat?

57 who, whom, which and what as objects of prepositions

A who, whom

In formal English we use preposition + **whom**:

With whom did you go? To whom were you speaking?

But in ordinary English we usually move the preposition to the end of the sentence. The **whom** then normally changes to **who**:

Who did you go with? Who were you speaking to?

B which, what

In formal English we use preposition + **which/what**:

To which address did you send it?

On what do you base your theory?

In informal English we move the preposition to the end of the sentence:

Which address did you send it to?

What do you base your theory on?

5

58 Uses of what

A what is a general interrogative used for things:

What bird is that? What makes that noise?

What country do you come from? What did he say?

B what . . . for? means 'why?':

What did you do that for? = Why did you do that?

C what + be . . . like? is a request for a description and can be used for things or people:

What was the exam like? ~ It was very difficult.

What was the weather like? ~ It was very windy.

What's the food like in your hostel? ~ It's quite good.

Used of people it may concern either appearance or character:

He's short and fat and wears glasses.

He's a very talkative, friendly man.

what does he/she/it look like? concerns appearance only, and can

also mean 'What does he/she/it resemble?':

What does she look like? - She is tall and glamorous. She looks like a film star.

What does it look like? - It's black and shiny. It looks like coal.

D **what is he?** means 'What is his profession?':

What is his father? - He is a tailor.

what (adjective) used for persons is not common: *What students are you talking about?* is possible, but *Which students . . . ?* would be much more usual.

E **what** and **how** in questions about measurements

We can use **what** + **age/depth/height/length/width** but in conversation it would be more usual to say **how old/deep/high/tall/long/wide?**

what size/weight? is usual when an exact answer is required, though **how big/heavy?** is also possible.

What age are you?/What is your age?/How old are you?

What height is he?/What is his height?/How tall is he?

What is the weight of the parcel?/How heavy is it?

What size do you take in shoes?

59 **which** compared with **who** and **what**

A Examples of **which** and **what** used for things:

What will you have to drink?

There's gin, whisky and sherry: which will you have?

What does it cost to get to Scotland? - It depends on how you go. - Which (way) is the cheapest or Which is the cheapest (way)?

I've seen the play and the film. - What did you think of them?

Which (of them) did you like best?

B Examples of **which** and **who** used for people:

Who do you want to speak to? - I want to speak to Mr Smith. -

We have two Smiths here. Which (of them) do you want?

which (pronoun) of people is not used alone as subject of a verb:

Which of you knows the formula? ('of you' is essential.)

Who knows the formula? would also be possible.

C **which** (adjective) can be used of people when there is only a very slight idea of restriction:

Which poet (of all the poets) do you like best?

what would be possible here and would be more logical, but **what** (adjective) for people is normally avoided.

60 Interrogative adverbs: **why**, **when**, **where**, **how**

A **why?** means 'for what reason?':

Why was he late? - He missed the bus.

- B **when?** means 'at what time?':
When do you get up? ~ 7 a.m.
- C **where?** means 'in what place?':
Where do you live? ~ In London.
- D **how?** means 'in what way?':
How did you come? ~ I came by plane.
How do you start the engine? ~ You press this button.

how can also be used:

- 1 With adjectives (see 25 C):
How strong are you? How important is this letter?
 (For **how** + **old/high** etc., see 58 E.)
- 2 With **much** and **many**:
How much (money) do you want?
How many (pictures) did you buy?
- 3 With adverbs:
How fast does he drive? How often do you go abroad?
How badly was he hurt? How soon can you come?

Note that *How is she?* is an enquiry about her health, but *What is she like?* is a request for a description. (See 58 C.)

Do not confuse *How are you?* with *How do you do?* When two people are introduced each says *How do you do?* This is a greeting rather than a question. (See 126.)

61 **ever** placed after **who, what, where, why, when, how**

Where ever have you been? I've been looking for you everywhere!

Who ever told you I'd lend you the money? I've no money at all!

ever here is not necessary in the sentence but is added to emphasize the speaker's surprise/astonishment/anger/irritation/dismay. It has the same meaning as *on earth/in the world*.

Such sentences are always spoken emphatically and the intonation will convey the speaker's emotion:

Why ever did you wash it in boiling water? (dismay)

Who ever are you? (The other person is presumably an intruder.)

Who ever left the door open? (What stupid person left it open?)

Where ever have you put my briefcase? (I can't find it anywhere.)

What ever are you doing in my car? (astonishment/annoyance)

When ever did you leave home? (You must have left very early.)

How ever did he escape unhurt? (The car was a complete wreck.)

Note also **why ever not?** and **what ever for?**:

You mustn't wear anything green. ~ Why ever not? (I can't understand the reason for this prohibition.)

Bring a knife to class tomorrow. ~ What ever for? (I can't understand what I need a knife for.)

(For **whoever, whatever** etc. written as one word, see 85.)

12 may and can for permission and possibility

Permission

127 may used for permission: forms

may for all persons in the present and future.

might in the conditional and after verbs in a past tense.

Negative: *may not/mayn't, might not/mightn't*

Interrogative: *may I? might I?* etc.

Negative interrogative: *may I not/mayn't I? might I not/mightn't I?* etc.

Other forms are supplied by *allow, be allowed*.

may is followed by the bare infinitive.

128 can used for permission: forms

can for all persons in the present and future.

could for past and conditional.

Negative: *cannot/can't, could not/couldn't*

Interrogative: *can I? could I?* etc.

Negative interrogative: *can I not/can't I? could I not/couldn't I?* etc.

Other forms are supplied by *allow, be allowed*.

can is followed by the bare infinitive.

129 may and can used for permission in the present or future

A First person

I/we can is the most usual form:

I can take a day off whenever I want. . .

I/we may meaning 'I/we have permission to . . .' is possible:

I may leave the office as soon as I have finished.

But this is not a very common construction and it would be much more usual to say:

I can leave/I'm allowed to leave . . .

I/we may/might is a little more usual in indirect speech:

'You may leave when you've finished,' he says/said =

He says we may leave/He said we might leave . . .

But in colloquial speech we would use **can/could**:

He says we can leave/He said we could leave.

B Second person

Here **may** is chiefly used when the speaker is giving permission. *You may park here* means 'I give you permission to park'. It does not normally mean 'The police etc. allow you to park' or 'You have a right to park'.

can can be used as an informal alternative to **may** here. But it can also be used to express the idea of having permission. *You can park here* can mean 'I allow it/The police allow it/You have a right to park here'.

Similarly *You can take two books home with you* can mean 'I allow it/The library allows it' and *You can't eat sandwiches in the library* can mean 'I don't allow it/The librarian doesn't allow it' or 'It isn't the proper thing to do'.

could can be used when there is an idea of condition:

Why don't you ring him? You can/could use my phone.

could is also used in indirect speech introduced by a verb in a past tense:

He said I could use his phone.

C Third person

may can be used as in B above when the speaker is giving permission:

He may take my car. (I give him permission to take it.)

They may phone the office and reverse the charges.

(I give them permission.)

But it is chiefly used in impersonal statements concerning authority and permission:

In certain circumstances a police officer may (= has the right to) ask a driver to take a breath test.

If convicted, an accused person may (= has the right to) appeal.

SCRABBLE RULES: *No letter may be moved after it has been played.*

In informal English **can/can't** would be used:

He can take the car.

They can phone the office.

A police officer can ask a driver . . .

An accused person can appeal.

No letter can be moved . . .

130 **could** or **was/were allowed to** for permission in the past

could can also express general permission in the past:

On Sundays we could (= were allowed to) stay up late.

When a particular action was permitted and performed we use **was/were allowed** instead of **could**:

I had a visa so I was allowed to cross the frontier.

couldn't however can be used a little more widely than **could**:

We couldn't bring our dog into the restaurant.

The opposite of this would be:

We were allowed to bring etc.

For perfect and continuous tenses and passives **allowed** must be used:
Since his accident he hasn't been allowed to drive.
As a child he had been allowed to do exactly what he liked.
(For **might/could** in indirect speech, see 129 A.)

131 Requests for permission (see also 283)

- A **can I?**, **could I?**, **may I?**, **might I?** are all possible and can be used for the present or future. **can I?** is the most informal.
could I? is the most generally useful of the four, as it can express both formal and informal requests.
may I? is a little more formal than **could I?** but can also be used for both types of requests.
might I? is more diffident than **may I?** and indicates greater uncertainty about the answer.
- B The negative interrogative forms **can't I?** and **couldn't I?** are used to show that the speaker hopes for an affirmative answer:
Can't I stay up till the end of the programme?
Couldn't I pay by cheque?
may and **might** are not used in this way.
- C Answers to **can I/could I** requests will normally be:
Yes, you can. Yes, of course (you can). No, you can't.
Affirmative answers to **may I/might I** requests are normally:
Yes, you may. Yes, of course (you may).
For a negative answer *No, you may not* is possible but it would normally be replaced by a milder expression:
I'd rather you didn't. I'm afraid not.
- D Questions about permission are expressed by **can** or **am/is/are allowed to** in the present and by **could** or **was/were allowed to** in the past:
Can Tom use the car whenever he likes?
Is Tom allowed to use the car . . . ?
Could students choose what they wanted to study?
Were students allowed to choose . . . ?

Possibility

132 **may/might** for possibility

- A Form
may/might for present and future.
might in the conditional and after verbs in the past tense.
Negative: *may not/mayn't, might not/mightn't*
Interrogative: see E below
Infinitive: *to be + likely*

may/might + present infinitive can express possibility in the present or future:

He may/might tell his wife. (Perhaps he tells/will tell his wife.)

He may/might emigrate. (Perhaps he will emigrate.)

Ann may/might know Tom's address. (Perhaps Ann knows etc.)

Similarly with the continuous infinitive:

He may/might be waiting at the station. (Perhaps he is waiting at the station.)

He may/might be waiting at the station when we arrive. (Perhaps he will be waiting etc.)

may or **might** for present or future possibility

Normally either can be used. **might** slightly increases the doubt.

Note that in speech we can also indicate increased doubt by stressing **may/might**. *Tom 'may lend you the money* (with a strong stress on *may*) implies that this is not very likely. *Tom 'might lend you the money* (with a strong stress on *might*) implies 'I don't think this is at all likely/ I think it is unlikely'.

might must be used in the conditional and when the expression is introduced by a verb in the past tense:

If 'you invited him he might come.

I knew we might have to wait at the frontier.

He said he might hire a car. (indirect speech)

may/might in the negative and interrogative

The negative presents no problems:

He may/might not believe your story. (Perhaps he won't/doesn't believe your story.)

The interrogative is normally expressed by **do you think?** or a construction with **be + likely**:

Do you think he's alone?

Do you think he believes your story?

Is it likely that the plane will be late?

Is the plane likely to be late?

may? for possibility very seldom introduces a sentence. It may be placed later on:

When may we expect you?

What may be the result of the new tax?

But a construction with **be + likely** or **think** is more usual:

When are you likely to arrive?

What do you think the result will be?

might? is just possible:

Might they be waiting outside the station?

But *Could they be waiting?* or *Do you think they are waiting?* would be more usual (see 134).

may/might in the affirmative, however, can form part of a question:

Do you think he may/might not be able to pay?

(See 104 for this type of question.)

133 **may/might** + perfect infinitive

A This is used in speculations about past actions:

He may/might have gone -

It is possible that he went/has gone or

Perhaps he went/has gone.

might must be used, as shown in 132 D, when the main verb is in a past tense:

He said/thought that she might have missed the plane.

might, not **may**, must be used when the uncertainty no longer exists:

He came home alone. You shouldn't have let him do that; he might have got lost. (But he didn't get lost.)

So in the sentence:

You shouldn't have drunk the wine: it may/might have been drugged
the words *it may have been drugged* would indicate that we are still uncertain whether it was drugged or not. *it might have been drugged* could have the same meaning but could also mean that we know it wasn't drugged.

might, not **may**, is also used when the matter was never put to the test, as in:

Perhaps we should have taken the other road. It might have been quicker.

It's a good thing you didn't lend him the money. You might never have got it back.

Sentences of this kind are very similar to the third type of conditional sentence:

If we had taken the other road we might have arrived earlier.

B **may/might** can be used in conditional sentences instead of **will/would** to indicate a possible instead of a certain result:

If he sees you he will stop. (certain)

If he sees you he may stop. (possible)

Similarly:

If you poured hot water into it, it might crack and

If you had left it there someone might have stolen it.

(See 223 B.)

134 **could** as an alternative to **may/might**

A **could be** can be used instead of **may/might be**:

I wonder where Tom is. - He may/might/could be in the library.
(Perhaps he is in the library.)

Similarly when **be** is part of the continuous infinitive:

I wonder why Bill isn't here? - He may/might/could still be waiting for a bus. (Perhaps he is still waiting for a bus.)

And when **be** is part of a passive infinitive:

Do you think the plane will be on time? - I don't know. It may/might/could be delayed by fog. (Perhaps it will be delayed by fog.)

In the interrogative we can use either **could** or **might**:

Might/Could he be waiting for us at the station? (Do you think he is waiting . . . ?)

In the negative, though, there is a difference of meaning between **could** and **may/might**:

He may/might not be driving the car himself. (Perhaps he isn't driving the car himself.)

But *He couldn't be driving the car himself* expresses a negative deduction. It means 'This is impossible. He can't drive'.

could + the perfect infinitive of any verb can be used instead of **may/might** + perfect infinitive (possibility):

I wonder how Tom knew about Ann's engagement. ~

He may/might/could have heard it from Jack. (Perhaps he heard it from Jack.)

As in A above, in the interrogative we can use **might** or **could**:

Could/Might the bank have made a mistake? (Do you think it is possible that the bank (has) made a mistake?)

But in the negative the meanings differ:

Ann might not have seen Tom yesterday (perhaps she didn't see him) but

Ann couldn't have seen Tom yesterday. (negative deduction: perhaps Ann and Tom were in different towns)

can used to express possibility

General possibility

Subject + **can** can mean 'it is possible', i.e. circumstances permit (this is quite different from the kind of possibility expressed by **may**):

You can ski on the hills. (There is enough snow.)

We can't bathe here on account of the sharks. (It isn't safe.)

Can you get to the top of the mountain in one day? (Is it possible?)

can can also express occasional possibility:

Measles can be quite dangerous. (Sometimes it is possible for them to be quite dangerous/Sometimes they are quite dangerous.)

The Straits of Dover can be very rough. (It is possible for the Straits to be rough; this sometimes happens.)

could is used in the past:

He could be very unreasonable. (Sometimes he was unreasonable; this was a possibility.)

can is used in this way in the present or past tense only, and chiefly in the affirmative.

13 can and be able for ability

136 can and be able: forms

can is used here in conjunction with **be** + the adjective **able**, which supplies the missing parts of **can** and provides an alternative form for the present and past tense. We have therefore the following forms:

Infinitive: *to be able*

Past participle: *been able*

	Affirmative	Negative	Interrogative
Future	<i>will/shall be able</i>	<i>will/shall not be able</i>	<i>shall/will I be able? will he be able? etc.</i>
Present	<i>can or am able</i>	<i>cannot or am not able</i>	<i>can I? or am I able? etc.</i>
Past	<i>could or was able</i>	<i>could not or was not able</i>	<i>could I? or was I able? etc.</i>

There is only one future form, for **can** is not used in the future except to express permission. In the conditional, however, we have two forms: *could* and *would be able*.

All other tenses are formed with **be able** according to the rules for ordinary verbs:

Present perfect: *have been able*

Past perfect: *had been able*

Negative interrogative: *could you not/couldn't you? were you not/weren't you able? will you not/won't you be able? etc.*

can/be/will/shall not and **have** can be contracted in the usual way:

I wasn't able, he won't be able, I've been able.

can is followed by the bare infinitive.

be able is followed by the full infinitive.

137 can/am able, could/was able

A **can and be able**

1 **shall/will be able** is the only future form:

Our baby will be able to walk in a few weeks.

2 Either **can** or **am able** may be used in the present. **can** is the more usual:

Can you/Are you able to type?

I can't pay you today. Can you wait till tomorrow? or

Could you wait? (request; see B2 below)

3 For the present perfect, however, we must use the **be able** form:

Since his accident he hasn't been able to leave the house.

B **could**

1 **could** can be used with a present meaning when there is an idea of condition:

Could you run the business by yourself? (if this was necessary)

Could he get another job? (if he left this one)

I could get you a copy. (if you want one)

In the first two examples **could** is replaceable by **would be able**.

2 **could you?** is a very good way of introducing a request. It is an alternative to **would you?** and a little more polite:

Could you show me the way/lend me £5/wait half an hour?

Could you please send me an application form?

couldn't you? is also useful:

HOUSEHOLDER: *Could you come and mend a leak in a pipe?*

PLUMBER: *Would sometime next month suit you?*

HOUSEHOLDER: *Couldn't you come a little earlier?*

C **could** and **was able** used for past ability

1 For ability only, either can be used:

When I was young I could/was able to climb any tree in the forest.

2 For ability + particular action, use **was able**:

Although the pilot was badly hurt he was able to explain what had happened. (He could and did explain.)

The boat capsized quite near the bank so the children were able to swim to safety. (They could and did swim.)

This rule, however, is relaxed in the negative when the action did not take place, and with verbs of the senses:

He read the message but he couldn't/wasn't able to understand it.

I could/was able to see him through the window.

D **had been able** is the past perfect form:

He said he had lost his passport and hadn't been able to leave the country.

(For **could** in reported speech, see 312.)

1 Introducing accounting 1

Complete the following words. (See example):

- 1 This company has supplied goods but has not received any money for them yet. C R E D I T O R
- 2 Companies make this when they sell their goods for more than it costs them to make them. P _ _ _ _ T
- 3 Companies make this when they sell their goods for less than it costs them to make them. L _ _ _
- 4 Goods which are bought by the company. P _ _ _ _ _ E S
- 5 Goods which the company has available to sell. S _ _ _ K
- 6 An amount of money which is taken out of an account. W _ _ _ D _ _ _ _ L
- 7 Customers who have received goods but not paid for them yet. D _ _ _ _ R S
- 8 A reduction in the price which is offered to customers. D _ _ C _ _ _ _
- 9 This is the name of the difference between the credit and debit side of an account. B _ _ _ _ C _
- 10 This is drawn up to check that the two sides of the accounts are the same. T _ _ _ L B _ _ _ _ _
- 11 The cost of transporting goods is called this. C _ _ _ _ _ G E
- 12 The official books for keeping accounts. L _ D _ _ _ S

2 Facts and figures

Write the number of each of the following next to the correct word. (See example):

multiplication	5
formula	.....
division	.....
percentage	.....
average	.....
ratio	.....
addition	.....
rate	.....
subtraction	.....

① 74%

② $f = \frac{p}{\sqrt{2TV}}$

③

	000's		000's
Jan	2.4	July	3.5
Feb	2.5	Aug	4.7
Mar	3.9	Sept	6.9
April	4.6	Oct	6.3
May	3.4	Nov	6.8
June	3.6	Dec	3.4
Monthly	.....		<u>4.33</u>

④ $1,623 + 3,004 = 4,627$

⑤ $302 \times 6.2 = 1,872.4$

⑥ $9,260 - 1,111 = 8,149$

⑦

$$\frac{1,505}{5} = 301$$

⑧

Direct Costs	724
Indirect Costs	200
Costs	
Direct : Indirect	= 3.62

⑨ £12.24 / hour

3 Introducing accounting 2

Complete the following words.

- 1 This is the name for buildings, machinery, money in the bank and money owed by customers. A _ _ _ _ S
- 2 The loss of value of the things in number (1). D _ P _ _ _ _ _ N
- 3 Money which is borrowed. L _ _ _
- 4 The extra money a company or person pays for borrowing money. I _ _ _ _ S T
- 5 The total sum of money which is supplied by the owners of a company to set it up. C _ _ _ T _ _
- 6 Cash or goods which the owner takes from the company for his own private use. D _ _ W _ _ _ S
- 7 These are bought by people wishing to invest in the company. S _ _ _ _ S
- 8 The extra amount which is paid for a company above the value of its assets. G O O _ _ _ _ _
- 9 The purchase of another company. A C Q U _ _ _ _ _
- 10 An official examination of the accounts. A _ _ _ T
- 11 A financial plan for the future. B _ _ _ _ T
- 12 A statement of the financial position of the company. B _ _ _ _ _ E SHEET

4 Accounting

Fill in the missing words in the sentences below. Choose from the following. You should use each word more than once.

account accounts accountant accounting accountancy

- 1 Can you check that the figures have been entered correctly in the bank ?
- 2 He's at university studying
- 3 The management of the company have not yet decided on their policies.
- 4 A bookkeeper writes details of financial transactions in the
- 5 Most people in the profession read magazines and journals in order to stay informed.
- 6 She's been working as an with this firm for several years now.
- 7 The directors of the company approve the at the end of the year.
- 8 The chief has completed the draft for this year.
- 9 Each branch maintains its own full system.
- 10 They have opened an for the consignment to Bombay.
- 11 is really not an exact science.
- 12 A business manager needs some knowledge in order to understand what he reads in the company

13 Buying and selling

Choose the correct word in each of the following:

- 1 The book which contains a list of all company sales arranged by date is known as the
a) sales account b) sales card c) sales invoice d) sales day book
- 2 A is not recorded in double entry.
a) cash discount b) refund c) trade discount d) cash sale
- 3 Faulty goods which are sent back to the supplier by the customer are known as
a) returns b) provisions c) recovers d) discounts
- 4 A system should make sure that debtors do not owe too much money.
a) quality control b) credit control c) credit note d) credit transfer
- 5 A company sells goods on credit, but if customers never pay for these goods the money owing is known as
a) bad debts b) debits c) bad payment d) bankrupts
- 6 The estimated expense of not being paid by debtors is known as a/an
a) allowance b) devaluation c) proviso d) provision
- 7 If you calculate different percentages for debts which have been owing for different lengths of time, you can prepare a/an schedule of debtors.
a) progressive b) ageing c) reducing d) increasing
- 8 In many countries a tax is added to the price of goods and services, but some goods may be and no tax is due.
a) exempt b) exceptional c) excused d) uncovered
- 9 At the end of an accounting period, details of tax collected and tax paid are given to the authorities on an official form called a
a) statement b) declaration c) return d) confirmation

3 Money

Read the text and then do the crossword.

If you think that keeping your money under the bed is not a good idea, then you probably have a bank account. In Britain, you can pay in money and you can withdraw money from a current account quite easily, and you can earn interest on a savings or deposit account. You can transfer money to other accounts and you can tell the bank to pay your electricity, telephone and other bills by standing order or direct debit.

Every month, the bank will send you a statement which tells you your balance and by how much you are in the black or in the red. If you are overdrawn, you will probably have to pay interest on the debt.

Banks are happy to provide other services to their customers. For example, when you want to go abroad, the bank will sell you travellers' cheques or quote you an exchange rate for buying and selling foreign currency. And it will issue you with a credit card to make paying for goods and services easier, provided the bank thinks you are a good credit risk.

Across

- 1 Plastic money.
- 5 The cost of buying foreign money.
- 6 A colourful way of talking about a positive amount in your account.
- 7 A colourful way of talking about a negative amount in your account.
- 8 You can earn this on a savings account.
- 10 Take money from an account.
- 11 This tells you how much you have in your account.
- 13 Put money into your account.

Down

- 2 Useful when abroad.
- 3 When money is taken automatically from your account.
- 4 When your account is in debit.
- 9 The amount you have in your account.
- 12 Move money from one account to another.

8 Verbs

For each of the verbs below, three of the four words or expressions fit. In each case, circle the one which does not.

- 1 DO
a) business
b) a profit
c) your homework
d) a deal
- 2 MAKE
a) money
b) business
c) a loss
d) a decision
- 3 TAKE
a) a long time
b) a decision
c) appropriate measures
d) a deadline
- 4 HAVE
a) progress
b) something to eat
c) shares in a company
d) a meeting
- 5 MEET
a) a deadline
b) customers' expectations
c) an appointment
d) a target
- 6 LAUNCH
a) a product
b) a ship
c) a campaign
d) progress
- 7 COMPLETE
a) a form
b) a task
c) a cheque
d) a project
- 8 CARRY OUT
a) an agreement
b) a plan
c) research
d) a market survey
- 9 ACHIEVE
a) progress
b) a breakthrough
c) a target
d) little
- 10 REACH
a) a decision
b) a strategy
c) an agreement
d) a target

and institutional context in which all economic decisions must normally be made and to many ways in which the phenomenon of power can compromise the strict 'rationality' criteria of the fundamental principle of economy.⁵

The meaning and significance of Third World' economics

Economics in its traditional sense, therefore, is concerned primarily with the efficient (i.e. least-cost) utilisation of scarce productive resources and with the optimal growth of these resources so as to produce an ever expanding range of goods and services. Political economy, on the other hand, goes beyond simple economics to study among other things the social and institutional processes through which certain groups of (mainly) economic and political elites choose to allocate scarce productive resources now and in the future for their own benefit or for that plus the wider benefit of the larger population.

Development, or 'Third World' economics, however, goes even further. In addition to the efficient allocation of existing scarce (or idle) productive resources and their sustained growth over time, it is concerned with the economic, social and institutional mechanisms, both public and private, necessary for bringing about rapid (at least by historical standards) and large scale improvements in levels of living for the masses of poverty-stricken, malnourished and illiterate peoples of Africa, Asia and Latin America. Thus, Third World economics, to a greater extent than 'traditional' economics or even political economy, is concerned with the economic and political processes necessary for effecting rapid structural and institutional transformations of entire societies in a manner that will most efficiently bring the fruits of economic progress to the broadest segments of

their populations. As such, the role of government and the need for some degree of centralised or at least coordinated economic planning and broad-based economic policies to bring about such rapid change becomes a vital component of Third World economics.

Economic principles are those tools of analysis which permit us in a simplified yet realistic way to understand why various socio-economic changes take place and/or to predict how they can be brought about by the conscious manipulation or independent alteration of one or more of the primary economic and/or institutional variables – e.g. savings and interest rates, wage levels, agricultural commodity prices, land-tenure systems, credit allocations, individual and corporate tax structures, etc.

Finally, economic policies are those decisions and actions taken primarily by government ministries and public officials which are deliberately designed to bring about rapid improvements in some of the principal parameters of Third World development – e.g. the level and distribution of national income, the prices of key commodities, the level of employment, the availability and quality of rural health, education and other social services, the productivity of small scale agriculture, the level of saving and investment and the ownership and distribution of land and other valuable physical assets. Although such policies may be, and often ostensibly are, designed to benefit primarily the rural and urban poor, the ultimate beneficiaries, as we have seen, often turn out to be those who already represent the economic elites of developing nations.

Why study economics?

There are several reasons why so many students in developing nations study economics. It is clearly the most popular subject among the social sciences (sociology, history, psychology, political science and anthropology) and, with the exception of Latin America and parts of the Arab world where medicine, law and engineering still dominate career choices, economics is rapidly becoming the most popular of all university courses. This is not

⁵ For a penetrating and perceptive analysis of the role and influence of power in the ordinary economic processes of developed nations, see John Kenneth Galbraith, 'Power and the useful economist', *American Economic Review*, lxiii, 1, March 1973.

Several reasons why many students in developing nations study economics

surprising because economic problems and issues directly and in a most significant way touch the lives of each and every individual in Africa, Asia, the Middle East and Latin America.

Students, therefore, often choose to study economics in the hope of finding answers to vital questions such as the following:

1. What do we really mean by 'development' and how can economic principles and theories contribute to a better understanding of the development process?
2. What are the sources of national and international economic growth? Who benefits most from such growth and why? Why do some countries and groups of people continue to get richer while others remain poor?
3. Why is there so much unemployment, especially in the cities, and why do people continue to flock into the cities from rural areas even though their chances of finding a job are very slim?
4. Should the rich be taxed more than the poor and how should government tax revenues be spent in order to improve standards of living for all people?
5. What is development planning all about? Why plan at all?
6. Should foreign private corporations be encouraged to invest in the economies of poor nations and, if so, under what conditions?
7. What about 'foreign aid' from rich country governments? Should it be sought after, under what conditions, and for what purposes?
8. Should exports of primary products such as agricultural commodities be promoted or should all LDCs attempt to industrialise by developing their own heavy manufacturing industries as rapidly as possible?
9. What is a 'balance of payments' problem? When and under what conditions should the government adopt a policy of exchange control, raise tariffs and/or set quotas on the importation of certain goods in order to improve balance of payments deficits?
10. Is international trade desirable from the point of view of the development of poor nations? Who really gains from trade and how are the advantages distributed among nations?
11. What has been the impact of the rapid rise in international oil prices on the economies of less developed nations? And, what future role

might the now wealthy OPEC oil nations play in furthering the development of other Third World nations?

12. What is the best way to promote agricultural and rural development where 80 to 90 per cent of most LDC populations still reside?
13. How does the spread of inflation and unemployment among the economies of rich nations affect the levels of living of people in poor nations? Do poor nations have any recourse, or must they be passive but vulnerable spectators at an international economic power game?
14. Are there economic factors influencing levels of fertility (birth rates) in poor nations? What are the economic and social consequences of rapid population growth? Is the population problem simply a question of numbers or is it also related to the impact of rising affluence in developed nations on resource depletion throughout the world?
15. Will there be chronic world food shortages? If so, which nations will be most adversely affected and how might such shortages best be avoided in the future?
16. Do contemporary Third World educational systems really promote economic development or do they simply act as a rationing or screening device by which certain select groups or classes of people are perpetuated in positions of wealth, power and influence?
17. What is the origin and basis of growing Third World demands for a 'new international economic order'? Is such a new world order possible, and, if so, what might be its main features?

These and many other similar questions are analysed and explored in the following chapters. The answers are often more complex than you might think. Remember that the overriding purpose of any course in economics should be to train you to **think systematically** about economic problems and issues and to formulate judgments and conclusions on the basis of the application of 'relevant' analytical principles and 'reliable' statistical information. Since many problems of development are unique in the modern world and not easily understood through the use of traditional Western economic theories (see Chapter 3, pp. 27-30, for an explanation of the nature of traditional economic theory), we may need unconven-

...nal approaches to what may appear to be conventional problems such as unemployment, income distribution, inflation, rural-urban migration and agricultural versus industrial expansion. Additional economic principles have an important role to play in enabling us to improve our understanding of world development problems, but they should not blind us to the realities of local conditions. They often need to be modified in both assumptions and procedures before they can shed light adequately on complicated and economically unprecedented development issues.

Another reason why students enrol in an economics course is because economics is a field of great demand offering a wide range of alternative careers. Economists are regularly employed in government planning and finance ministries, in central and commercial banks, in public and private industries, in universities and research institutes and, finally, in international agencies such as the International Bank for Reconstruction and Development (World Bank), the International Labour Organisation (ILO), the International Monetary Fund (IMF), the United Nations Economic Commission for Africa (ECA), for Asia and the Far East (ECAFE) and for Latin America (CEPAL), the United Nations Development Programme (UNDP), the various regional Development Banks as well as numerous other international assistance agencies.⁶

There are now and will continue to be many challenging and rewarding opportunities for Asian, African, Middle Eastern and Latin American economists to make significant contributions to the promotion of economic and social development of their own countries and regions. However, to be fully effective in their jobs economists, or for that matter any professional (doctor, lawyer, civil servant, engineer, architect or businessman) or ordinary educated citizen, should have a thorough understanding of the nature and causes of 'underdevelopment' and a grasp of how certain economic principles and policies can be used to assist nations and people to escape from poverty and improve their conditions. The purpose of this book is to provide the basis for such an understanding.

⁶ For a brief description of the nature and purposes of each of these international agencies, see the Glossary at the end of the book.

The important role of values in economics

Economics is a social science. It is concerned with man and the social systems by which he organises his activities to satisfy basic material needs (food, shelter, clothing, etc.) and non-material wants (education, knowledge, beauty, spiritual fulfilment, etc.). Economists are social scientists who are in the unusual position that the objects of their studies – human beings in the ordinary business of life – and their own activities are rooted in the same social context. Unlike the physical sciences, the social science of economics can claim neither scientific 'laws' nor 'universal truths'. In economics there can only be tendencies; and even these are subject to great variations in different countries and cultures and at different times. Many so-called 'general' economic models and 'objective' studies are often based on a set of implicit assumptions about human behaviour and economic relationships which may have little or no connection with the realities of developing economies. To this extent, their 'objectivity' may be more assumed than real. Economic investigations and analyses cannot simply be lifted out of their institutional, social and political context, especially when one must deal with the human dilemmas of hunger, poverty and ill-health which plague two-thirds of the world's population.

It is necessary, therefore, to recognise from the outset that ethical or normative 'value' premises about what is or is not desirable are central features of the economic discipline in general, and of development economics in particular. The very concepts of 'economic development' and 'modernisation' represent implicit as well as explicit value premises about desirable goals for achieving what Gandhi once called the 'realisation of the human potential'. Concepts or goals such as economic and social equality, the elimination of poverty, universal education, rising levels of living, national independence, modernisation of institutions, political and economic participation, grass roots democracy, self-reliance and personal fulfilment all derive from subjective value judgments about what is good and desirable and what is not. So also for that matter are opposite values – for example, the sanctity of private property and the right of individuals to accumulate unlimited per-

18 Human Resources

Generosity Inc. has decided to improve the working conditions of its employees. Choose the correct term for each aspect of its new policy.

- 1 We will increase the amount of for women who are expecting babies.
a) maternal leave b) mothering leave c) maternity time d) maternity leave
- 2 We will increase the size of the by 10%.
a) manpower b) workforce c) human resources d) employees
- 3 We will give everyone training at least twice a year.
a) in-house b) tailoring c) designed d) outhouse
- 4 Night workers will get paid double time for working unsocial hours.
a) owl b) shift c) time d) group
- 5 There will be no more annual interviews.
a) superior b) appraisal c) objective d) holiday
- 6 We will pay everyone an extra at Christmas.
a) salary b) expense c) commission d) bonus
- 7 We will give employees the same status as full-timers.
a) small time b) part-time c) short time d) extra time
- 8 Employees will only have to give one week's before leaving.
a) notice b) delay c) note d) resignation
- 9 No one will be without the full agreement of the union.
a) laid up b) laid off c) laid by d) laid aside
- 10 Any future reductions in staff will be achieved only by
a) natural b) wasting away c) natural wasting d) natural wastage tendencies
- 11 In future, promotion will be made purely on the basis of
a) senior service b) senior management c) seniority d) senior status
- 12 Generous allowances will be paid when the company moves from the capital to a site in the provinces. ~~22~~ 23

30 Insurance

Read the text and then do the crossword.

If you are worried about the cost to you or your business of events such as accident, theft or death, then you can take out an insurance policy. You can either go directly to an insurance company or you can talk to a broker, who will help you decide which company has the best policy for you. First you say what you want your insurance to cover, then the broker will tell you which policy he or she thinks you should take out. The broker will tell you how much money or premium you will have to pay for the cover you want, so that you can get money back from the insurer if an accident happens.

If an accident does happen, you make a claim to your broker or to the insurance company directly. If the company agrees to your claim, you receive money. This is the settlement of your claim. In the case of a claim on an assured life, the beneficiary – the person who gets the money when someone dies – is usually a member of the policyholder's family.

A pension plan is another kind of insurance. You pay a regular contribution, for example every month, and when you retire, the company pays you a pension. A company scheme which employees have to join is called a mandatory plan.

Across

- 1 Start a policy with an insurance company. (4, 3)
- 5 The regular sum of money you receive after you retire. (7)
- 6 The agreement which you and the company sign. (6)
- 9 Someone who gives advice about the best insurance available. (6)
- 10 The person who gets money from an insurance company, for example when someone dies. (11)
- 11 A compulsory plan, one that you have to be part of. (9)
- 12 The money you pay to the insurance company for cover. (7)
- 13 The demand you make to the insurance company when there is an accident. (5)
- 14 'Insured' for life. (7)

~~23~~ 24

sonal wealth, the preservation of traditional social institutions and rigid, inegalitarian class structures, and the supposed 'natural right' of some to lead while others follow.

When we deal in Parts Two and Three with such major problems and issues of development as poverty, inequality, unemployment, population growth, rural stagnation and international 'dependence', the mere identification of these topics as 'problems' conveys the value judgment that their improvement or elimination is desirable and therefore good. The fact that there is widespread agreement among many diverse groups of people – politicians, academics and ordinary citizens – that these are desirable goals does not alter the fact that they arise not only out of a reaction to objective, 'positive', scientific analysis of 'what is' but also from a subjective, 'normative', value judgment of 'what should be'.

It follows that value premises, however carefully disguised, are an integral component both of economic analysis and economic policies. Economics cannot be 'value-free' in the same sense as, say, physics or chemistry. The validity of economic analysis and the correctness of economic prescriptions, therefore, should always be evaluated in the light of the nature of the underlying assumptions and/or value premises. Once these subjective values have been agreed upon by a nation or, more specifically, by those charged with the responsibility for national decision-making, then specific development goals (e.g. greater income equality) and corresponding public policies (e.g. taxing higher incomes at higher rates) can be pursued. However, where serious value conflicts and disagreements exist among decision-makers, the possibilities of a consensus either about desirable objectives or appropriate policies will be considerably diminished. In either case, it is essential that value premises, especially in the field of development economics, be specified carefully and not hidden behind a smokescreen of 'pseudo-scientific' jargon or the excessive mathematication of simple economic concepts.⁷

Summary and conclusions

In this introductory chapter, we started by posing the hypothetical question of what we might see and how we might react if we were able to view the wide variety of living conditions on the planet earth. Striking differences in levels of living including incomes, consumption standards, health and nutritional levels, family size variances and levels of education were found to exist not only between rich and poor nations around the world but also between rich and poor groups of people within the same nation. At the same time, a visual perspective from above can help us to understand, as no verbal description can, the ultimate interdependence of all nations and peoples of the world.

We next described the nature, scope and limitations of traditional economics. Basically, traditional economics focuses on the question of choice and the ways in which scarce physical and human resources are organised and best developed through a variety of national and international institutional and social arrangements to provide adequate and rising levels of living, now and in the future, for diverse groups of people. The concept of 'economy' or 'economising' (minimising the cost of achieving a desired benefit or maximising the benefit derived from a given cost) is a central principle of traditional economics. But as a general proposition it needs to be amended to take account of the important influence of 'power', both economic and political, in the real world of economic decisions and choices in developed and developing countries. Political economy, therefore, goes beyond traditional economics by studying the interconnections between economic decisions affecting whole societies and the political power of small elites and other vested interest groups both within and outside these societies to promote their own welfare, often at the expense of the larger indigenous population.

'Third World' or 'development' economics is a distinct yet very important extension of both traditional economics and political economy. While it is concerned with efficient resource allocation and the growth of aggregate output over time, Third World economics also focuses primarily on those needed economic, social and institutional mechanisms required to bring about rapid and large-scale improvements in levels of

⁷ For an excellent dissection of the role of values in development economics, see Gunnar Myrdal, *The Challenge of World Poverty*, Pantheon, 1970, Ch. 1.

28 Business sectors

Match the companies on the left (1-16) with their sectors on the right (a-p).

- | | |
|--|-------------------------|
| 1 A company which makes aspirin. | a) automotive |
| 2 A company which mines diamonds. | b) construction |
| 3 A company which makes men's suits. | c) consumer electronics |
| 4 A company which sells package holidays. | d) catering |
| 5 A company which makes trucks. | e) defence |
| 6 A company which distributes electricity. | f) extractive |
| 7 A supermarket chain. | g) fast food |
| 8 A company which builds houses. | h) media |
| 9 A company which makes washing machines. | i) pharmaceuticals |
| 10 A company which sells hamburgers. | j) retail |
| 11 A company which makes camcorders. | k) textiles |
| 12 A road haulage company. | l) toiletries |
| 13 A company which makes fighter planes. | m) tourism |
| 14 A company which makes shampoo. | n) transport |
| 15 A restaurant chain. | o) utilities |
| 16 A company which makes... | p) white goods |

Match what people are saying (1 - 13) about the economy with what the experts say (a - m).

1

Things seem to be getting a bit better at last - better than last year at any rate.

2

At least prices aren't going up as quickly as they used to.

3

But things are still far too expensive.

4

The problem nowadays is that no one can get a job.

5

The only new factories round here belong to foreigners.

6

The government just won't put any money into business.

7

And even if you do manage to get a job, it's not in a factory.

8

It's more likely to be serving hamburgers in some fast food place.

9

And either way, the union can't do anything for you.

10

No one's got the qualifications for the jobs you see advertised in the papers.

11

I reckon we've got less in the bank than we had a couple of years ago.

12

And now they say we're going to have to start paying to go into hospital.

13

I wouldn't mind a bit more taken off my pay if I thought it would mean a bit more for schools and hospitals.

In the field of ideas, the Third World has frequently lived with concepts of development . . . which were often externally conceived and largely inappropriate. *Santiago Declaration of Third World Economists, 1973*

Introduction

In the previous chapter, we saw how many fundamental economic concepts, such as scarcity, demand and supply curves, competitive price determination and elasticities, can be applied to the problems of developing nations. We also saw, however, how some of even these most relevant of traditional economic concepts need to be modified to represent more accurately the structural and institutional realities of Third World nations.

In this chapter we concentrate on the theory of production, the choice of production techniques, questions of present versus future consumption, the welfare implications of trade-offs between the consumption of the rich and that of the poor, and the important distinction between social as opposed to private benefits and costs. These concepts are directly relevant to many of the problems and issues dealt with in Parts Two and Three.

Inputs, outputs and the 'laws' of production

The production function

Underlying supply curves is the whole concept of production theory, which deals with the determinants of costs, hence the amount a producer may be willing to supply at different prices. The present and future consumption of goods, services, leisure, and beauty and so on, is the ultimate objective of all economic activity. But the mechanism by which

these goods and services are produced either in response to consumer preferences as revealed by their aggregate demand curves (the phenomenon of 'consumer sovereignty') or as a result of the more centralised decisions of government or private corporate planners is important for the determination of what and how much of each will be available for consumption, now and in the future.

This process of transforming inputs into final outputs of goods and services is known as the **theory of production**. Along with demand and supply analysis, it provides one of the central foundations for all traditional economics.

The concept of a **production function** is used by economists as a convenient shorthand way of expressing quantitatively the presumed existence of a **systematic, technical relationship** between the use of factors of production or resources (known as inputs) and the resulting maximum obtainable output. Thus the production function expresses a technological relationship between input and output: how much output of, say, cotton textile fabrics can be obtained if certain fixed amounts of physical inputs – labour, raw cotton and machinery – are combined and utilised in accordance with a known and fixed technique of production. At any time and for any given state of technology, therefore, the production function represents the *maximum* attainable output that can be produced for each and every combination of specified inputs.

Resources and factors of production

Until recently economists traditionally divided productive inputs or resources into three broad categories: land, labour and capital. Land, or

'natural' resources, including water and minerals, was regarded as a gift of God or nature and in relatively fixed supply. Capital consisted of such things as buildings, roads, railways, communication facilities, machinery and equipment accumulated as a result of past savings and their investment. Labour, though it may accumulate as a result of population growth, was not originally conceived of as a resource whose quantity was subject to economic decisions.¹

The problem with this strict threefold categorisation is that investment can be used not only to increase the stock of capital goods but also to educate human beings and improve the quality of land. Consequently, economists today define the resource capital in a much broader sense to include not only those things which are usually thought of as 'physical' capital (factories, machines, railroads, electric power generators, etc.) but also stocks of 'intermediate' goods (goods that are used in an intermediate stage for the production of other 'final' goods, e.g. fertiliser for wheat, oil for petrol and raw cotton for textiles) and 'human capital' to represent improved labour quality resulting from investment in formal academic or vocational education. For practical purposes, therefore, the resource or input 'labour' is often divided into specific sub-categories (e.g. unskilled, semi-skilled and skilled labour) to reflect differing qualities and levels of training.

Public and private investment in human beings through education and training serves to improve a very scarce human capital resource. In most cases such investment can be even more important for development than accumulating physical capital. The reason is simple. More capital goods cannot be used effectively if there are not enough people with the skill and training (including management) to know how to use them to the best advantage. With these qualifications about the nature of productive resources in mind (we shall discuss them in greater detail in later chapters) let us return now to the basic features of the theory of production.

¹ In Chapter 12, however, we discuss the new micro-economic theory of fertility behaviour in which family size decisions are presumed to be subject to economic calculations.

The case of one output and one variable input: total and marginal products

Let us start with the simplest case of production theory. Suppose we wish to analyse the production of coffee on a small privately owned commercial farm in Colombia, South America. It is a family farm of say, 10 hectares, producing nothing but coffee for export to North America. There is thus only one output, coffee. Let us assume further that there is only one *variable* input or factor of production: the labour of our Colombian farmer, plus that of his family and possibly some additional hired help. Labour is a 'variable' input in the sense that the farmer can choose to apply more or less (i.e. he can hire wage labour or just use the services of his family) depending on the amount of output he desires to produce. Land and, say, some simple farm tools are assumed to be the *fixed* inputs – that is, all ten hectares are covered with coffee plants and there is no additional land available for cultivation, nor can more tools be purchased.

Let us assume that coffee plants bud once every year during ordinary weather in Colombia. As the farmer goes about picking the beans which are ready, he has the choice of simply picking those most readily accessible or of taking more labour time to pick more exhaustively. The basic question of simple production theory then is the following:

Table 4.1
An hypothetical relationship between labour inputs and coffee output in Colombia

Number employed	Total (output) product (kg per year)	Marginal (output) product (kg per worker)
0	0	0
1	500	500
2	1200	700
3	2000	800
4	2600	600
5	3000	400
6	3200	200

20 Legal

Read the text and then do the crossword.

It is important for business people, especially small business people, to know something about the law, in particular, about their country's property legislation, since many companies have property contracts of different kinds. It is important to know what your company's legal liabilities are. Your company may own its own factories and office buildings and may lease some of its property to paying tenants. It may itself lease property from a landlord. In both cases, the small business person should know the details of each article of the contract to avoid breaches on either side. If either party does something illegal, then there is the danger that the other party will sue for breach of contract. The party with the weaker case might then do well to agree to an out-of-court settlement to stop the case from going on for too long. If you do not and the court's judgement goes against you, you may have to pay all the costs of the case.

Another important area of commercial law is the law on patents, which protect the company's intellectual property. This area can be so complicated, however, that companies have to hire or train specialists to deal with it.

Across

- 1 An agreement which ends a dispute, sometimes made out of court.
- 4 The court's decision on a case.
- 5 An agreement for someone to use a property for a certain period of time in exchange for a regular payment.
- 7 You have this when you are legally responsible for something.
- 8 A formal legal agreement, usually in writing.
- 11 The opposite of legal.
- 12 This is when someone breaks a formal written agreement.

Down

- 2 The laws passed by a country's parliament.
- 3 To take legal action against someone in a civil case.
- 6 A part of a written legal agreement.
- 7 A man who rents land or property to someone.
- 9 Someone who pays rent on land or property.
- 10 This gives you the right to make and sell an invention.
- 13 The money paid by someone who loses a court case to cover the cost of the trial.

~~23~~ ~~24~~ 31