FIRST YEAR ENGLISH

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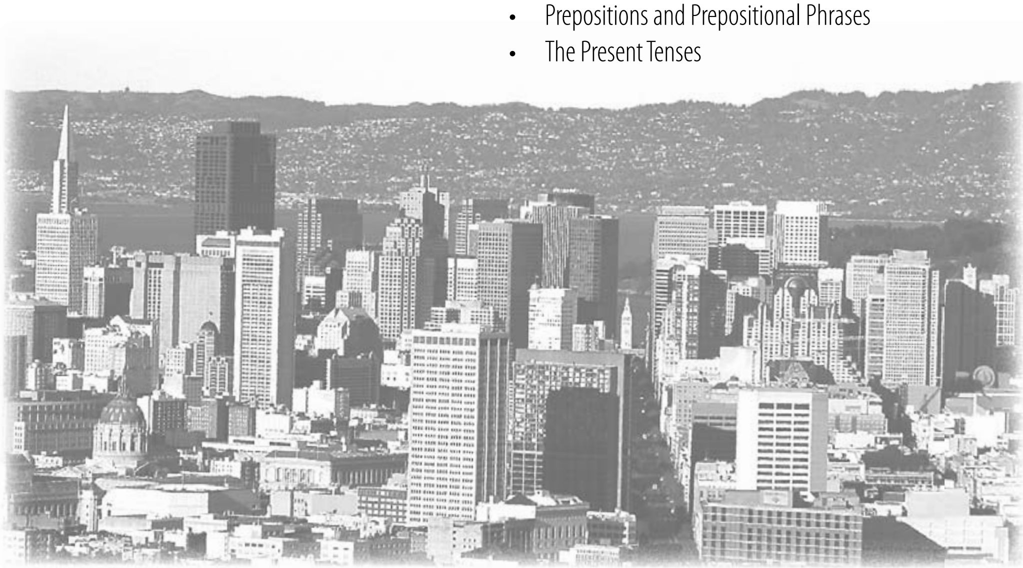


ECONOMY

We often come across statements such as "The government is attempting to reduce inflation and strengthen the economy" or "Industrial production has slowed down in all the world's major economies, with the UK and US worst hit". What is meant by the term **economy** in the aforementioned statements? - The wealth and resources of a community, especially in terms of the production and consumption of goods and services, i.e., a country's money supply, trade and industry.

ECONOMICS

On the other hand, **economics**, which word is from the Greek *oikos* (house) and *nomos* (custom or law), hence "rules of the house(hold)", is defined as a social science concerned with the **production, distribution, exchange,** and **consumption** of goods and services. Economists focus on the way in which individuals, groups, business enterprises, and governments achieve economic objectives efficiently. However, no one has ever succeeded in neatly defining the scope of economics, although it is as old as the human race: the moment man first picked up a stone or a branch to use as a tool, he altered irrevocably the balance between him and his environment.

One of the reasons for the mystification that obscure economics is the vocabulary it employs. Not only does it use common, ordinary words, such as saving or investing, in ways that are not exactly the way we use them in everyday talk, but it leans on intimidating terms like microeconomics and macroeconomics, gross national product, etc.

We must learn to speak a certain amount of economics – that is, to become familiar with some of the basic terms in which economists tell us about our economic situation.

THE BIRTH OF ECONOMICS

The birth of economics as a separate discipline may be traced to the year 1776, when the Scottish philosopher Adam Smith published *The Wealth of Nations*. It continued with the British economist David Ricardo, and culminated with British economist John Stuart Mill. They agreed on several major principles: all believed in private property, **free markets**, and the benefits of **competition**. They shared Smith's suspicion of governmental involvement in the economy and his belief that the individual pursuit of private gain increased the public good.

OTHER DEFINITIONS OF ECONOMICS

Another great English classical economist Alfred Marshall defined economics as "the study of man in the everyday business of life", while Lionel Robbins has more recently defined economics as "the science which studies human behaviour as a relationship between (given) ends and scarce means which have alternative uses." Scarcity means that available resources are insufficient to satisfy all wants and needs.

Paul Samuelson, on the other hand, said that every economic society has to answer three fundamental questions: (1) *What* goods are to be produced with the scarce resources: clothes, food, cars, submarines, television sets, etc.? (2) *How* should we combine them to produce the goods and services which we want, given that we have basic resources of labour, land, etc? and (3)"*For whom* to produce and distribute?" Thus, **scarcity** of resources, people, and choice are the three vital ingredients in the definition of economics.

It follows that economics, as a social science, is concerned chiefly with the description and analysis of the production, distribution, and consumption of goods and services, which brings us to the most important problem in economics: How to make the best use of scarce resources to satisfy the endless wants of individuals and societies.

CURRENT ECONOMIC PROBLEMS

The various economic problems of recent years have stimulated serious debate about the proper role of public policy. Parties on the political left in Europe advocated more controls and more planning. In the 1980s a different solution was tried in the United States and Great Britain. Attempts were made to diminish taxation and government regulation on private enterprise and thus, by enlarging the potential profits of corporations, to encourage additional investment, higher productivity, and renewed economic growth. By the early 1990s the fall of Communist governments in most of Eastern Europe underlined the trend away from centrally planned economies and toward a freer market system.

Unit Summary

This unit has been about the terms, concepts and definitions of economy and economics. Here are the key points from this unit.

- ***Competition*** refers to the situation when anybody who wants to buy or sell has a choice of possible suppliers or customers.
- ***Consumption*** refers to using up of goods, energy and resources by people, organisations and country.
- ***Distribution*** has to do with the movement of goods to places where they can be sold and the arrangements made for this.
- ***Economics*** is the social science that is concerned chiefly with the description and analysis of the production, distribution, and consumption of goods and services.
- ***Economy*** is about the wealth and resources of a community, especially in terms of the production and consumption of goods and services, i.e., a country's money supply, trade and industry.
- ***Exchange*** is about trading one good or asset for another.
- ***Free market*** is a market in which people buy and sell voluntarily, without legal compulsion.
- ***Production*** is the use of resources to make goods or services which have value.
- ***Scarcity*** means the property of being in excess demand at a zero point.

Unit Questions

1. Differentiate economy from economics.
2. What do economists focus on?
3. Who believed in private property, free markets, and the benefits of competition?
4. State the three fundamental questions every economic society has to answer.
5. Define scarcity.
6. Identify current economic problems.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Economy refers to:*
   (a) The description and analysis of the production, distribution, and consumption of goods and services.
   (b) The wealth and resources of a community, especially in terms of the production and consumption of goods and services, i.e., a country's money supply, trade and industry.
   (c) The study of man in the everyday business of life.

2. *Economics refers to:*
   (a) Anything which can contribute to economic activity.
   (b) Three fundamental questions: (1) *What*? (2) *How*? (3) *For whom*?
   (c) The description and analysis of the production, distribution, and consumption of goods and services.

3. *They all*
   (a) shared Smith's suspicion of governmental involvement in the economics.
   (b) divided Smith's suspicion of governmental involvement in the economy.
   (c) shared Smith's suspicion of governmental involvement in the economy.

4. *The government*
   (a) is attempting to reduce deflation and strengthen the economy.
   (b) is attempting to reduce inflation and strengthen the economy.
   (c) is attempting to reduce inflation and strengthen the economics.

Vocabulary and Grammar Outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Production	(1) The using up of food, goods, energy and resources by people, organisations and country.
(b) Competitor	(2) The movement of goods to places where they can be sold and the arrangements made for this.
(c) Consumption	(3) The use of resources to make goods or services which have value.
(d) Free market	(4) A person or company that offers the same or better goods and services as another and therefore competes for the same customer.
(e) Distribution	(5) A market in which people buy and sell voluntarily, without legal compulsion.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. We often ***come upon*** unfounded statements.
2. The government ***is trying*** to reduce inflation and strengthen the economy.
3. What is meant by the term economy in the ***aforesaid***?
4. ***On the other hand***, no one has ever succeeded in neatly defining the scope of economics, although it is as old as the human race.
5. He ***changed*** irrevocably the balance between him and his environment.
6. The birth of economics as a separate discipline may be ***followed to*** the year 1776.
7. ***Therefore***, scarcity of resources, people, and choice are the three ***vital*** ingredients in the definition of economics.

(c) <u>Match the expressions on the left-hand side with the expressions on the right-hand side:</u>

(a) To succeed	(1) To use, to make use of, to put to use or service
(b) Major	(2) To slacken off
(c) To employ	(3) Main, principal, chief
(d) To slow down	(4) Meagre, scanty, insufficient, inadequate
(e) Objective	(5) To refer to, to have to do with, in relation to, to be about
(f) Neatly	(6) To accomplish, to achieve
(g) To be concerned with	(7) Goal, aim, end
(h) Scarce	(8) Simply, precisely

2. ARTICLES

- Articles in English signal <u>*definiteness*</u> (***the***) or <u>*indefiniteness*</u> (***a, an***) in certain nouns.
- Articles help us to identify (1) *what information has already been <u>given</u>*; and (2) *what is <u>new</u> information.*
- *Given information* is usually <u>definite</u>; *new information* is typically <u>indefinite</u>.
- To determine what is <u>given</u> *versus* <u>new</u> information, *we need to look at the context in which a noun occurs.*

<u>Fill in the blank with the appropriate article or leave it blank to indicate that no article is necessary</u>.

This morning, ... typical American college student buys coffee at .... local café, paying for it with .... ATM card. Then she jumps into her car, on which she carries accident insurance, and drives to .... university, which she can afford to attend thanks to her student loan. She may have left her parents' home, which she is mortgaged, ... few minutes earlier, to avoid construction work on .... new dormitory, paid for by bonds issued by .... university. Or perhaps she needs to stop at .... bookstore to purchase this book, using her credit card, before her first banking class begins.

Beneath .... surface, each financial transaction mentioned in this story – even .... seemingly simple ones – is quite complicated. This brief example hints at .... complex web of interdependent institutions and markets that underlies .... financial transactions we enagage in every day.

3. NOUNS: KINDS, GENDER AND PLURALS

- There are five kinds of nouns: *common nouns* – student, desk, teacher; *proper nouns* – Adam, England, Paris, Mr Marshall; *abstract nouns* – intelligence, thirst, beauty; *collective nouns* – team, crowd, police; and *material nouns* – water, tea, milk.
- Nouns may be inflected to indicate gender (masculine, feminine, and neuter), number and case. English genders are extremely simple, and in any case the gender of a noun only affects its pronoun and possessive adjective. Men, boys and male animals are *masculine*. Women, girls and female animals are *feminine*. Inanimate things, such as bread, pen, desk are *neuter*.
- However, there are some exceptions. *Horse* and *dog* are masculine and *cat* is feminine. *Boat*, *ship*, *victory*, *liberty*, *mercy*, *grace*, *peace*, *virtue*, etc. are also feminine.
- Most nouns have the same form for masculine and feminine – parent, child, driver, reporter, etc.
- Some have different forms: uncle – aunt, brother – sister, nephew – niece, monk – nun, drake – duck, etc.
- Some form the feminine from the masculine by adding *ess*: manager – manageress, prince – princess, heir – heiress, etc.
- In modern English, gender has been eliminated, and only two forms, singular and plural, indicate number. English has three cases of nouns: nominative (subject), genitive (possessive), and objective (indicating the relationship between the noun and other words).
- The plural of a noun is usually made by adding –*s* to the singular.

  E.g. student – student*s*, desk – desk*s*, team – team*s*, boat – boat*s*, sister – sister*s*.
- However, the following are exceptions:

  (a) Nouns ending in *o* or *ss*, *sh*, *ch*, or *x* form their plural by adding *es*.

  E.g. tomato – tomato*es*, class – class*es*, church – church*es*, box – box*es*, bush – bush*es*.

  (b) But foreign or abbreviated words ending in *o* add *s* only.

  E.g. piano – piano*s*, photo – photo*s*, solo – solo*s*.

  (c) Nouns ending in *y* following a consonant form their plural by dropping the *y* and adding *ies*.

  E.g. country– countr*ies*, family – famil*ies*, story – stor*ies*, intermediary – intermediar*ies*.

(d) Nouns ending in *y* following a vowel form their plural by adding *s* only.

E.g. day– day*s*, key – key*s*, boy – boy*s*, toy – toy*s*.

(e) Twelve nouns ending in *f* or *fe* drop the *f* or *fe* and add *ves*. These nouns are: wife, life, knife, wolf, self, calf, shelf, leaf, loaf, thief, sheaf, half, and thief.

E.g. wife– wi*ves*, leaf – lea*ves*, half – hal*ves*, life – li*ves*.

(f) Other words ending in *f* or *fe* add *s* in the ordinary way.

E.g. gulf – gulf*s*, fife – fife*s*, strife – strife*s*.

(g) Nouns ending in *oof* or *ief* and *ff* add *s* in the ordinary way.

E.g. roof – roof*s*, chief – chief*s*, cliff – cliff*s*.

(h) Some nouns form their plural by adding *en*.

E.g. ox – ox*en*.

(i) A few nouns form their plural by a vowel change.

E.g. man – m*e*n, woman – wom*e*n, foot – f*ee*t, goose – g*ee*se, mouse – m*i*ce, louse – l*i*ce, tooth – t*ee*th.

(j) Words which retain their original Greek or Latin forms make their plurals according to the rules of Greek or Latin.

E.g. memorandum – memorand*a*, datum – dat*a*, phenomenon – phenomen*a*, formula – formula*e*, radius - radi*i*, analysis – analys*e*s, axis – axes, basis – bas*e*s, crisis – cris*e*s, etc.

(k) In reference to compound nouns, normally the last word is made plural.

E.g. ashtray – ashtray*s*, bookshop - bookshop*s*.

(l) Compound nouns formed with prepositions or adverbs make only the first word plural.

E.g. mother-in-law – mother*s*-in-law, passer-by - passer*s*-by.

(a) <u>Put the following sentences into the plural.</u>

1. An economist deals with an economic issue.
2. His work is chiefly concerned with the analysis.
3. An economist focuses on the way in which an individual, a group, and a business enterprise, achieve an economic objective efficiently.
4. He prepared a memorandum outlining our need for an additional warehouse.
5. My boss wants to know all about the increase in car sale.

(b) <u>**Put the following sentences into the singular.**</u>

1. Every morning, typical American college students buy coffee at the local cafés.
2. They pay their coffee with ATM cards.
3. They get into their car and drive to their faculties.
4. On their way home they stop at the bookstores to purchase new books.
5. They can afford to buy such expensive books thanks to their student loans.

4. WORD FORMATION: NOUNS AND VERBS

- A word may be formed by the process of derivation that consists of changing the form of the base or adding affixes to it, i.e., an element at the beginning (*prefix*) or end (*suffix*) of a word.
- Neither prefixes nor suffixes can be used as separate words. The main difference between them is that while the former have a distinct meaning of their own, the latter seldom have, and only serve to modify the meaning of the main element.
- Suffixes –*ance*, -*ation*, and –*ment* are used to form abstract and collective nouns.
- Prefix *re*- is attachable to almost any verb or its derivative, meaning once more; afresh, anew (*readjust*; *renumber*), or back; with return to a previous state (*reassemble*; *reverse)*
- A hyphen is normally used when the word begins with *e* (*re-enact*), or to distinguish the compound from a more familiar one-word form (*re-form* = form again).
- Prefixes *em*- and *en*- occur in verbs that describe the process of moving into or being placed into a different state or condition, or being placed in a different position. For example, if something *enables* you to do something, it gives you an opportunity so that you become able to do it.
- Prefix *em*- combines with words beginning with *b*, *m*, or *p*. *E.g.* embark, empower. Prefix *en*- combines with words beginning with other letters. *E.g.* enforce, enlarge, enrage.

(a) <u>**Form nouns from verbs in italics by adding the appropriate suffix to complete the following sentences. The first one has been done for you.**</u>

1. When we *state* something we make a ....*statement*........
2. When we *inherit* something it is an ....
3. When we *consume* something it is called ....
4. When we *define* something it is called a ....
5. When we *suggest* something we make a ....
6. When we *promote* something we make a ....

7. When we *hinder* something we are a ....

8. When we *develop* something we make a ....

9. When we *compete* with somebody, it is a ....

10. When we *determine* the candidate it is our ....

11. When we *intend to* do something we have a clear ....

12. When we *convert* something into money, we make a ....

13. When we *distribute* food parcels we supervise the ....

14. When we *describe* the model we give a ....

15. When we *contribute to* the fund we make a ....

(b) **<u>Form new verbs by adding the prefix *re-* to complete the sentences. The first one has been done for you.</u>**

1. Your text is not *written* clearly, so ....*rewrite*................. it.
2. If you don't *do* it properly, you'll have to .... it.
3. These letters have not been properly *arranged*, so you'll have to .... them.
4. Since your terms are not clearly *defined*, you will have to .... them.
5. She has *built* the company, but the new owner will have to .... it.
6. You have not *read* this sentence well, so ....
7. If you don't *type* it correctly, you'll have to .... it.

(c) **<u>Look at the words printed in bold and write down new verbs by adding the prefix *em-* or *en-* to complete the sentences. The first one has been done for you.</u>**

1. She moved her hand to ....*enable*......... her to speak more clearly. **able**
2. He nodded his head and smiled to .... her. **courage**
3. The company profits are not .... **danger**
4. Our boss had failed to .... any sort of discipline. **force**
5. Plans to build a new plant have .... local residents. **rage**

5. WORD STUDY: RELATED WORDS

<u>After reading the below given examples, fill in the blanks and make sentences of your own. The first one has been done for you.</u>

E.g. *begin* *beginning* *beginner*

Begin at the ***beginning*** of the book.

He can't speak English well. He is only a ***beginner***.

new *news* *newspapers*

This is a ***new*** book.

I read the ***newspaper*** every morning to get the ***news***.

1. *economise* ....

    1. We must *economise* on fuel.
    2. ....
    3. ....
    4. ....

2. *produce* ....

    1. The mine *produces* 180,000 tonnes of copper per year.
    2. ....
    3. ....
    4. ....
    5. ....

3. *distribute* ....

    1. We *distribute* world-wide.
    2. ....
    3. ....
    4. ....

6. PREPOSITIONS AND PREPOSITIONAL PHRASES

- Prepositions form but a small class of words in English, but they enter so frequently into combination with other words that they help to make up many of the *idiomatic expressions* of the language.
- Many delicate shades of meaning are expressed by prepositions.

  E.g. When a man is *out of debt*, it is true to say of him that he *is not in debt*, and yet the expressions *NOT IN DEBT* and *OUT OF DEBT* are not exactly equivalent.

To say that a man is *OUT OF DEBT* implies that he has been in debt, but has now got rid of it.

To say that a man is *NOT IN DEBT* implies nothing about his previous position, i.e. he may have either been in debt and got rid of it, or he may never have been in debt at all.

- Some of the English prepositions are simple words, *as at*, *by*, *from*, *to*, *with*; others are compounds, as *before*, *into*, *upon*, *without*.
- Several *prepositional phrases* consist of a preposition and a noun followed by another preposition. Most of these are so simple as to require no explanation, and would be translated into another language by a single word. *E.g. at the end of*, *at home*, *by means of*, *for the purpose of*, *in case of*, *in common with*, etc.

(a) <u>Supply the missing prepositions</u>.

1. They spoke .... their latest product .... specifying the price.
2. I don't know what the price .... an article depends ....
3. Which products are going to be put .... the market.
4. We can't speak .... demand .... this article .... such conditions.
5. What does demand respond .... ?
6. Oil is offered .... sale .... an appropriate price.
7. We are going to buy goods .... great quantities .... the current price.
8. Increase .... output is accompanied .... an increase .... supply.
9. .... the term economy .... the aforementioned statements we mean the wealth and resources of a community, especially .... terms of the production and consumption of goods and services.
10. No one has ever succeeded .... neatly defining the scope .... economics, although it is as old as the human race.

11. *The Wealth of Nations* is essentially a book .... economic development and .... policies that promote or hinder development, as well as a brief .... free trade.
12. Resources refer .... anything which can contribute .... economic activity.
13. Economics is also defined as "the science which studies human behaviour as a relationship .... (given) ends and scarce means which have alternative uses."
14. Economics is concerned .... the description and analysis .... the production, distribution, and consumption of goods and services, which brings us .... the most important problem .... economics.

(b) **<u>Supply the missing prepositional phrases</u>.**

1. .... order .... understand the materials you will be reading in this unit and in your faculty, you should first understand the basic structure of economics.
2. .... view .... the aforesaid, it follows that economics is concerned chiefly with the description and analysis of the production, distribution, and consumption of goods and services.
3. ....respect.................................... *The Wealth of Nations*, one may say that it is essentially a book about economic development and about policies that promote or hinder development. It is a brief for free trade.
4. .... course .... making the best use of scarce resources to satisfy the endless wants of individuals and societies, it is necessary for any economic society to answer three fundamental questions.
5. .... *the* course .... their research work, he and his partner held diametrically opposite views.

7. THE PRESENT TENSES

- The **PRESENT SIMPLE** form is used to refer to the existence of a situation or state of affairs which is:

  (a) Permanent.

  E.g. An economist is a person who *manages* financial or economic matters.

  (b) Regarded as permanent.

  E.g. In a competitive market individuals *exert* only a negligible influence on prices.

  (c) Referring to habitual action.

  E.g. Economists always *use* R. Crusoe as the standard figure.

- The present simple form is usually found:

  (a) With adverbs like: *usually, always, frequently, generally, sometimes*, etc.

  (b) With adverbial phrases like: *every week, once a month*, etc.

  (c) In the clauses beginning with: *whenever, every time that*, etc.

- The **PRESENT CONTINUOUS** form is used:

  (a) For an action happening now:

  E.g. In constant struggle with each other, they *are exhausting* their resources at the moment.

  (b) For an action happening about this time but not necessarily at the moment of speaking.

  E.g. During a period of prosperity, a rise in production *is leading* to increases in employment, wages, and profits.

  When two continuous tenses, having the same subject, are joined by *and*, and the auxiliary may be dropped before the second verb.

  E.g. Both countries *are spending* and *exhausting* their resources to no avail.

  For a definite arrangement in the near future, though the time of the action must always be mentioned.

  E.g. I *am signing* the contract on Friday.

  The following verbs are not normally used in the continuous form:

  (i) Verbs of senses: *hear, smell, notice, recognise,* etc.

  (ii) Verbs of emotion: *want, desire, refuse, forgive, wish, care, live, live, hate, adore*, etc.

  (iii) Verbs of thinking: *think, feel, realise, understand, know, mean, suppose,* etc.

  (iv) Verbs of possessing: *own, owe, belong*, etc.

<u>Fill in the blank spaces in the text with correct verb forms.</u>

Economics .... (HAVE) to do with the allocation and distribution of scarce resources. Economists have demonstrated that there .... (CAN) never be enough resources in the world to satisfy everybody's wants. Resources that we .... (USE) for one purpose, of course, we .... (NOT/CAN) use for another; this .... (BE) the concept of the economic choice. Therefore, the concept of economic choice .... (DRIVE) economy.

For example, a clothing manufacturer .... (EMPLOY) only a certain number of machinists who .... (WORK) a certain number of hours. This .... (MEAN) that it .... (MAY) be possible to produce either 8,000 shirts with the available resources, or 4,000 pairs of trousers. If the manufacturer .... (RECEIVE) two orders, one for each type of product, he or she .... (HAVE) to choose which order to supply, and .... (DISAPPOINT) the other customer.

From the customer's point of view, the economic choice .... (MEAN) having to choose between going to the cinema or going to the pub: there may not be the time or the money to do both.

Review and Discussion Questions

According to Alvin Toffler, modern civilisation has evolved over three "waves": *agriculture*, *industrialisation*, *information*. With each wave came a new way of doing things. Some groups of people gained from the new way; others lost.

For this exercise you will need to know something about the aforementioned.

We offer some guidelines:

1. Until the late nineteenth century all economies were *agrarian*. During the agricultural wave, individuals were their own bosses and were responsible for performing a variety of tasks. For instance, in the 1890s, approximately 90% of people were employed in agriculture-related jobs.
2. From the late 1800s until the 1960s, most developed countries moved from agrarian societies to *industrial* societies. Mass production, specialised jobs, and authority relationships became the mode of operation. It gave rise to a new group of workers – the blue-collar industrial workers, who were paid for performing routine work that relied exclusively on physical stamina.
3. By the start of 1970s came the *information* age – transforming society from a manufacturing focus to one of service: knowledge workers as a group currently make up about a third of the U.S. workforce.
4. As these waves influenced society, so too have they affected how we do business. International markets, technological improvements changes in the workforce composition, and the like are giving rise to new organisational issues.

Questions

1. In your opinion, what is the percentage of the global workforce needed to provide our food today?
2. In reference to the second wave of industrialisation, explain the following statement as you understand it: "No class in history has ever risen faster than the blue-collar worker. And no class in history has ever fallen faster."
3. Read the following statements and say whether they refer to ***Old Economy*** or ***New Economy***.

1. National borders limit competition.
2. Customers get what business chooses to give them.
3. National borders are nearly meaningless in defining an organisation's operating boundaries.
4. Technology reinforces rigid hierarchies and limits access to information.
5. Customer needs drive business.
6. Economy is driven by small entrepreneurial firms.
7. Population is relatively homogeneous.
8. Job opportunities are for knowledge workers.
9. Population is characterised by cultural diversity.
10. Business is estranged from its environment.
11. Business accepts its social responsibilities.
12. Economy is driven by large corporations.
13. Technology changes in the way information is created, used, stored, and shared have made it more accessible.
14. Job opportunities are for blue-collar industrial workers.

UNIT 2
RESOURCE LIMITATIONS AND ALLOCATION

LEARNING OUTCOMES

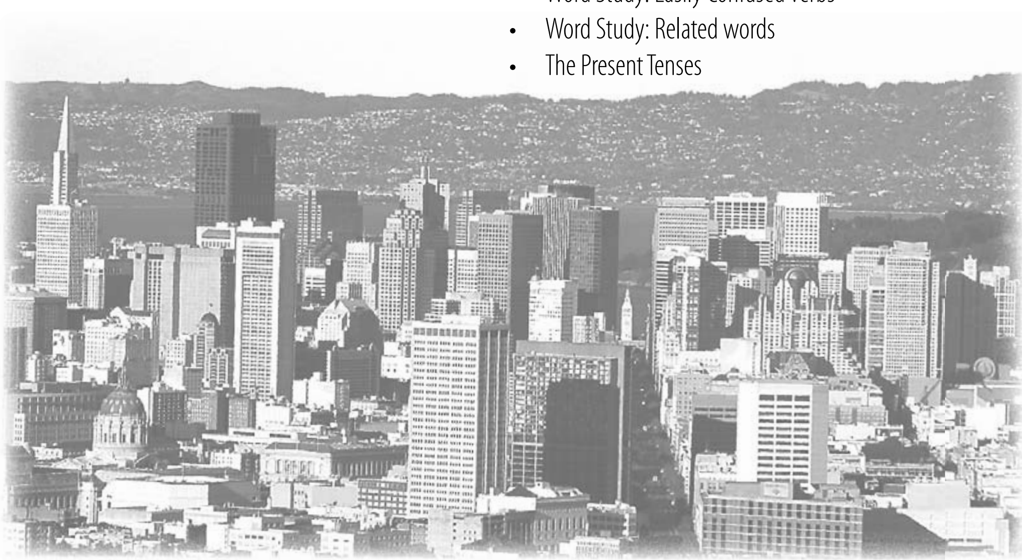
BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Resource Limitations and Allocation
- Goods and Services
- Supply and Demand
- Information Age

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Formation: Adjectives
- Adjectives: Comparison and Constructions with Comparison
- Word Study: Easily Confused Verbs
- Word Study: Related words
- The Present Tenses



WHAT ARE RESOURCES?

Resources refer to anything which can contribute to economic activity. There are basically two categories of scarce resources: natural resources or non-human resources and human resources. In classifying **natural resources** it has been traditional to distinguish between those that are *renewable* and those that are *non-renewable*. The former were once considered to be the living resources - e.g., forests, wildlife, and the like - because of their ability to regenerate. The latter were considered to be non-living mineral or fuel resources, which, once used, did not replace themselves. Land, capital, technology, information, and time can also be regarded as non-human resources.

Human resources, on the other hand, include labour of various skills and qualifications, knowledge or know-how, such as management and entrepreneurship. The president of the 600,000-member General Motors Corporation and an operative employee both represent human resources. Human resources utilise non-human resources to produce goods and services.

RESOURCE ALLOCATION

Resource allocation arises as an issue because the resources of a society are in limited supply, i.e., **scarce**, whereas human wants are usually unlimited: the surface of the Earth is finite, imposing absolute scarcity; but the scarcity that concerns economists is the relative scarcity of resources in different uses. Materials used for one purpose cannot at the same time be used for other purposes. Therefore, **resource allocation** is the determination of the most appropriate use for a resource and the assignment of the resource to that purpose. In market economies allocation is usually controlled by the **pricing mechanism**: if the demand for a particular purpose is high, then the price of a resource to be used for that purpose will also be high; this high price will in turn make it more likely that the resource will be used mostly for that purpose. Therefore, the fact that goods and services have value can be ascribed ultimately to the limitations in the world's material endowment.

WHAT ARE GOODS?

Economists divide all economic activity into two broad categories, goods and services. **Goods** are all economic assets taking a tangible form, such as houses or clothes. On the other hand, **services** are economic goods which do not take a tangible and storable form, such as transport, which cannot be stored, or insurance. However, in some cases they require the physical presence of the customer, as for example with hairdressing, medical treatment or live entertainment.

Therefore, **economic goods** are those which are scarce in relation to the demand for them. Their scarcity leads to costs. In common usage, **cost** is the monetary value of goods that producers and consumers purchase. In a basic economic sense cost is the measure of the alternative opportunities foregone in the choice of one good or activity over others. This fundamental cost is usually referred to as **opportunity cost**. For a consumer with a fixed income, the opportunity cost of purchasing a new home appliance may be, for example, the value of a vacation trip foregone, or of several suits of clothes unbought.

In economic terms, **free goods** are goods that are not scarce and are available in sufficient amounts to satisfy all possible demands. But are many things truly free? A good may be free under some but not all circumstances. Surface water is usually unfit for drinking except in areas far from human habitation. Water suitable for drinking must be provided at great expense. Or take air, for example. "Free air" is a proverbial expression, but in mines, and other confined spaces air has to be provided at a considerable expense.

WHAT ARE GOODS-PRODUCING INDUSTRIES AND SERVICE INDUSTRIES?

Goods-producing industries are agriculture, mining, manufacturing, and construction; each of them creates some kind of tangible object. **Service industries** are not concerned with manufactured goods, but provide services, such as banking, communications, wholesale and retail trade, all professional services such as engineering and medicine, non-profit economic activity, all consumer services, and all government services, including defense and administration of justice.

The proportion of the world economy devoted to services has been rising for hundreds of years, most notably since the beginning of the 20th century. The simplest explanation for the growth of service industries is that goods production has become increasingly mechanised.

Unit Summary

This unit has been about the terms, concepts and definitions of resources, resource allocation and goods and services. Here are the key points from this unit.

- ***Cost*** is the monetary value of goods that producers and consumers purchase.
- ***Goods*** are all economic assets taking a tangible form, such as houses or clothes.
- ***Goods-producing industries*** are agriculture mining, manufacturing, and construction; each of them creates some kind of tangible object.
- ***Economic goods*** are all goods taking a tangible form, which are scarce in relation to the demand for them.
- ***Free goods*** are goods that are not scarce and are available in sufficient amounts to satisfy all possible demands.
- ***Human resources*** include labour of various skills and qualifications, such as management and entrepreneurship.
- ***Natural resources*** or ***non-human resources*** refer to traditional division into *renewable*, such as forests, wildlife, and the like, and those that are *non-renewable*, such as mineral or fuel resources. Land, capital, technology, information, and time can also be regarded as non-human resources.
- ***Opportunity cost*** is the measure of the alternative opportunities foregone in the choice of one good or activity over others. It is the true total measure of the cost of anything.
- ***Price*** is the amount of money paid per unit for a good or service.
- ***Resources*** refer to anything which can contribute to economic activity. There are basically two categories of scarce resources: natural resources or non-human resources and human resources.
- ***Resource allocation*** is the determination of the most appropriate use for a resource and the assignment of the resource to that purpose. In brief - to obtain the maximum possible output from a given combination of resources.
- ***Services*** are economic goods which do not take a tangible and storable form, such as transport, which cannot be stored, or insurance.
- ***Service industries*** are not concerned with manufactured goods, but provide services, such as banking, insurance, advertising, etc.

Unit Questions

1. Explain what is meant by the term resources.
2. Define resource allocation.
3. Explain what is meant by the term pricing mechanism.
4. State the difference between economic and free goods.
5. Define opportunity cost.
6. State the difference between goods-producing industries and service industries.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Natural resources or non-human resources include:*
   (a) Forests, wildlife, minerals, fuel, land, capital, technology, information and time.
   (b) Renewable and non-renewable resources.
   (c) Land, capital, technology, information, and time.

2. *Human resources include:*
   (a) Knowledge or know-how.
   (b) Labour of various skills and qualifications, knowledge or know-how, such as management and entrepreneurship.
   (c) Management and entrepreneurship.

3. *Economic goods are:*
   (a) All goods taking a tangible form, which are not scarce in relation to the demand for them.
   (b) All goods which do not take a tangible and storable form, such as transport or insurance.
   (c) All goods taking a tangible form, which are scarce in relation to the demand for them.

4. *Free goods have to do with:*

   (a) Goods that are scarce and are available in insufficient amounts to satisfy all possible demands.

   (b) Goods that are not scarce and are available in sufficient amounts to satisfy all possible demands.

   (c) Goods that are scarce and are available in sufficient amounts to satisfy all possible demands.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Services	(1) The monetary value of goods that producers and consumers purchase.
(b) Human resources	(2) They are not concerned with manufactured goods, but provide services, such as banking, insurance, advertising, etc.
(c) Service industries	(3) It is the true total measure of the cost of anything.
(d) Opportunity cost	(4) They include labour of various skills and qualifications, such as management and entrepreneurship.
(e) Cost	(5) Economic goods which do not take a tangible and storable form, such as transport, which cannot be stored, or insurance.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. In classifying natural resources it has been traditional ***to make a distinction between*** those that are renewable and those that are non-renewable.
2. The ***first*** were once considered to be the living resources.
3. Human resources, on the other hand, ***encompass*** labour of various skills and qualifications and ***use*** non-human resources to produce goods and services.
4. Resource ***apportionment*** arises as an issue because the resources of a society are in limited supply.
5. The fact that goods and services have value can be ***attributed to*** the limitations in the world's material endowment.

6. The resources of a society are scarce, whereas human wants are usually ***endless***.
7. Cost is the monetary value of goods that producers and consumers ***buy***.
8. The opportunity cost of purchasing a new home appliance may be the value of a vacation trip ***given up***.
9. Free goods are goods that are not scarce and are available in ***adequate*** amounts.

(c) Match the expressions on the left-hand side with the expressions on the right-hand side:

(a) To renew	(1) Perceptible by touch or material
(b) The latter	(2) Available or usable instead of another
(c) To utilise	(3) A gift of nature
(d) Relatively	(4) To regenerate
(e) Purpose	(5) To use or make practical use of
(f) Endowment	(6) Object, intention, end, goal, objective
(g) Tangible	(7) Denoting the second of the two or the last of three or more
(h) Alternative	(8) Comparatively

(d) Fill in the missing words by choosing from the below given box.

cost	**costing**	**at cost price**	**costly**	**costs**
costed	**cost-effective**	**to my cost**	**cost of living**	**at any cost**

1. The .... rose two per cent in the last year.
2. We did a .... and found that the project was feasible.
3. We sold the remaining items ....
4. We wanted to invest in a new production plant but the
   .... was prohibitive.
5. Building a new dam is a .... undertaking, at least $200m.

6. We need more .... methods of production – there's too much waste.
7. Share prices do not always go up, as I found ....
8. We must not let our competitors gain an advantage

   ....
9. Business protested that the new taxes would increase

   production .... unreasonably.
10. We've .... the overall investment at $100,000.

2. WORD FORMATION: ADJECTIVES

- Suffixes help to form adjectives out of nouns, verbs and other parts of speech. Suffix *–able* or *–ible* is chiefly added to transitive verbs to form adjectives. *E.g. reliable*, *responsible*.
- Other suffixes that form adjectives are:

-al	occasional	-an	Mexican	-ed	injured	-en	golden
-ing	working	-ful	forgetful	-less	faultless	-some	fearsome
-ous	murderous	-y	messy, etc.				

- Prefixes mostly have a meaning of their own and modify the meanings of adjectives: Prefix *un-* is the commonest negative prefix, used with native English words mostly. *E.g. un*usual.
- *In-* is also a negative prefix, used with words of Latin and French origin: *e.g. in*valid, assimilated into *im-* before labial sounds: *e.g. im***b**alance, *im***m**ortal, *im***p**erfect.
- Some other prefixes that form adjectives are:

  dis- disobedient mis- misused over- overcareful under- underdeveloped
  co- co-operative inter- international pro- pro-American semi- semi-official
  non- non-payable pre- prepaid, etc.

(a) <u>Form adjectives from the below given words by using a suitable suffix.</u>

skill	....	burden	....
economy	....	glory	....
availability	....	interest	....
success	....	reason	....
worth	....	Europe	....
talent	....	length	....

(b) Make the below given adjectives negative by using a suitable prefix.

renewable	....	sufficient	....
direct	....	paid	....
tangible	....	appropriate	....
probable	....	dependent	....
finite	....	balanced	....
fortunate	....	honest	....

(c) By adding prefixes or suffixes, insert the correct words from the brackets in the spaces provided.

1. Resources refer to anything which can contribute to .... activity. (ECONOMY)
2. Living resources are called .... because of their .... to regenerate. (RENEW, ABLE)
3. Non-renewable resources are considered to be .... mineral or fuel resources. (LIVING)
4. Resource allocation arises as an issue because the resources of a society are in .... supply, i.e., they are .... (LIMIT, SCARCITY)
5. Goods are all .... assets taking a .... form, such as houses or clothes. (ECONOMY, TANGIBILITY)
6. Services are economic goods which are .... and do not take a .... form. (TANGIBLE, STORABLE)
7. In economic terms, free goods are goods that are not scarce and are .... in .... amounts to satisfy all .... demands. (AVAILABILITY, SUFFICIENT, POSSIBILITY)

3. ADJECTIVES: COMPARISON AND CONSTRUCTIONS WITH COMPARISON

- There are three degrees of comparison: positive, comparative and superlative. One-syllable adjectives form their comparative and superlative by adding *-er* and *-est* to the Positive degree.

  E.g. small → small*er* → smallest; long → long*er* → long*est*; tall → tall*er* → tall*est*.

- When the adjective ends in a single consonant letter with a single vowel letter before it, this consonant letter is doubled in writing.

  E.g. big → bigg*er* → bigg*est*; slim → slimm*er* → slimm*est*.

- When the adjective ends in a consonant + *y* the *y* is changed to *i*.

  E.g. easy → eas*ier* → eas*iest*; lucky → luck*ier* → luck*iest*.

- Adjectives of three or more syllables form their comparative and superlative by putting *more* and *most* before the positive: *E.g.* comfortable → *more* comfortable → *most* comfortable; splendid → *more* splendid → *most* splendid.

- There are also a few adjectives with irregular forms of comparison: *good* → better → best; *bad* → worse → worst; *much* → more → most; *many* → more → most; *little* → less → least; *far* → farther/further → fartherest/furtherest; *old* → older/elder → oldest/eldest; *late* → later/latter → latest/last.

- With the Positive degree we use *as ... as* in the affirmative and *not ... as/so* in the negative.

  E.g. Economics is *as* old *as* the human race.

  The unemployment rate in our country was *not as/so* high *as* in other countries.

- With the Comparative degree we use *than*.

  E.g. Women still continue to be paid less for their labour *than* men.

- With the Superlative degree we use *the, the ... of* and *the ... in* (of places).

  E.g. The inflation rate is *the* lowest since 1967.

  The standard of living in Sweden was *the* highest *of* all European countries.

  Tokyo Stock Exchange is *the* largest marketplace for securities *in* the world.

- Parallel comparison is expressed by *the* + comparative ... *the* + comparative.

  E.g. *The* bigger a company is, *the* more competitive it is likely to be.

Parallel comparisons: After reading the below given examples, complete the sentences by using your own words.

E.g.: ***The higher*** the manufacturing costs are, ***the higher*** the selling price is.
The smaller the investment a firm makes, ***the less*** items it can produce.

1. The higher the rate of inflation, ...
2. The lower the interest rates, ...
3. The higher the real income, ...
4. The faster we improve quality, ...
5. The higher the unemployment rate, ...
6. The sooner we order goods, ...
7. The greater the demand for a product, ...
8. The greater the supply, ...

4. WORD STUDY: EASILY CONFUSED VERBS

After reading the below given explanations carefully, complete the sentences with the appropriate forms of the below given verbs, taking care not to confuse these easily confused verbs.

TO LIE	***LAY***	***LAIN***	(***LYING***)	The importance of physical goods ***lies*** in the benefits they provide.
TO LIE	***LIED***	***LIED***	(***LYING***)	A witness who ***lies*** under oath may be prosecuted for perjury.
[***A LIE*** (n.)				There are three kinds of ***lies***: lies, damned lies and statistics.)]
TO LAY	***LAID***	***LAID***	(***LAYING***)	Washington ***laid down*** the guidelines for future presidents.

1. Our money .... in the bank.
2. We .... our proposal before the board.
3. He says that I did not pay my debts, he ....
4. He .... the blame on his partner.
5. He .... the foundations for further negotiations.

6. The responsibility .... with you.

7. There is no justification for .... the blame on the government.

8. An embargo was .... on oil shipments.

9. The objection will not ....

5. WORD STUDY: RELATED WORDS

After reading the below given examples, fill in the blanks and make sentences of your own.

E.g. *believe* *believer* *belief* *disbelieve*

I ***believe*** he is a good teacher.

I am a ***believer*** in getting up early.

The earth goes around the sun. That is the general ***belief***.

It is difficult to ***believe*** his story, but I do not want to ***disbelieve*** him.

1. *allocate* ....

   1. He *allocated* rations for a week-long camping trip.
   2. ....
   3. ....
   4. ....
   5. ....

2. *use* ....

   1. You can *use* my pen.
   2. ....
   3. ....
   4. ....

3. *thank* ....

   1. *Thank* you for the use of your pen.
   2. ....
   3. ....
   4. ....

6. THE PRESENT TENSES

- Some other uses of the **PRESENT SIMPLE** form:
  - (a) It is used to express facts. *E.g.* Light *spreads* much more quickly than sound.
  - (b) It can be used for a planned future action or series of actions, particularly when these refer to a journey. *E.g.* We *leave* London at 11 a.m. next Sunday and *arrive* in Belgrade at 6.0 o'clock.
  - (c) It can be used for dramatic narrative.

    E.g. She *snatches* the contract from me, *tears* it to pieces and *throws* it into the fire.
  - (d) It is also used in proverbs. *E.g.* Too many cooks *spoil* the broth.
  - (e) It is used to introduce quotations. *E.g.* Mr. Jones *says*: "Practice makes perfect."
- Some other uses of the **PRESENT CONTINUOUS** form:
  - (a) With a point in time to indicate an action which begins before this point and probably continues with it.

    E.g. At 12.00 I *am preparing* lunch (*i.e.* I start preparing it before 12.00).
  - (b) With always for a frequently repeated action, often one which annoys the speaker.

    E.g. She *is **always** asking* foolish questions.

Fill in the blank spaces in the text with correct verb forms.

Human resources: high-skilled jobs *vs.* low-skilled jobs

Examples of human resources .... (ABOUND). By definition, all human resources .... (APPLY) talent and energy to produce goods and services. The chief executive of a computer firm and the assembly-line worker at a *General Motors* plant both .... (REPRESENT) human resources. However, there .... (BE) a great difference between high-skilled, white-collar jobs and low-skilled, blue-collar jobs.

Since 1970s a new age has gained momentum. This is based on information. New technological advancements .... (ELIMINATE) many low-skilled, blue-collar jobs. People .... (MOVE) increasingly from jobs on the production floor to clerical, technical, and professional jobs.

Today knowledge workers .... (BE) at the cutting edge of the third "wave", i.e., a new way of doing things. Their jobs are designed around the acquisition and application of information. The economy .... (NEED) people who .... (CAN) fill these jobs – the demand for them .... (BE) great. Meanwhile, the number of blue-collar workers has shrunk dramatically, because they .... (NOT/HAVE) education and flexibility necessary to exploit the new job opportunities in the information revolution.

Review and discussion questions

Economies throughout the world are going through turbulent change owing, *inter alia*, to the vast spread of information technology (IT). To better understand the current change, let's look back on the road we have taken.

1. It is easy to forget that just 25 years ago no one had a fax machine, a cellular phone, or a laptop. Terms we now use in our everyday vocabulary, like *e-mail* and *modem*, were known to maybe, at best, a few hundred people. Computers often took up considerable space, quite unlike today's 4-pound laptop. Moreover, if you were to talk about networks 25 years ago, people would have assumed you were talking about ABC, CBS, or NBC – the major television networks.
2. The silicon chip and other advances in technology have permanently altered the way people work. Digital electronics, optical data storage, more powerful and portable computers, and the ability for computers to communicate with each other are changing the way information is created, stored, used and shared.
3. For example, to sell its goods or services, an organisation must first take certain inputs – labour, raw materials, and the like – and transform them into outputs. In years past, many of these transforming operations were performed by human labour.
4. Technology, however, has made it possible to enhance this production process by replacing human labour with electronic and computer equipment. For instance, assembly operations at General Motors rely heavily on robotics. Robots perform repetitive tasks much more quickly than humans can. And the robots are not subject to health problems caused by exposure to chemicals or hazardous materials.
5. Technology is also making it possible to better serve customers. Furthermore, technological advancements are also used to provide better, more useful information. Most cars built today, for example, have on-board computer circuit that a technician can plug into to determine operating problems – saving countless diagnostic hours for a mechanic.
6. What are, therefore, the implications of this vast spread of information technology? One important implication is that employee's job skill requirements will increase. Technological changes, especially those

related to IT, have had and continue to have a significant effect on the way the organisations are managed. Managers will have an immediate access to information that will help them make decisions. In addition, they will be able to supervise employees in remote locations, etc. Finally, we cannot talk about IT without mentioning the impact of the Internet and e-commerce.

7. One of the greatest phenomena we have witnessed in business today is proliferation of activities over the Internet. These activities, commonly called e-commerce, involve any computer transaction that occurs when data are processed and transmitted over the Internet. For example, individuals today can make airline reservations, purchase a car, etc. E-commerce is changing customers' expectations about convenience, speed, comparability, price and service.

Questions

1. Identify the implications of the vast spread of IT on economies throughout the world.
2. Describe the shifts in the types of jobs in the workforce during the past 100 years.
3. Identify how IT is changing the manager's job.
4. Identify one of the greatest phenomena we have witnessed in business today.
5. In reference to the fact that we have been in the Information Age for 25 years, explain why hasn't the nature of business changed at a greater pace?
6. In your opinion, why is business going to change more in the next ten years than it has in the last fifty?

UNIT 3
MICROECONOMICS AND MACROECONOMICS

LEARNING OUTCOMES

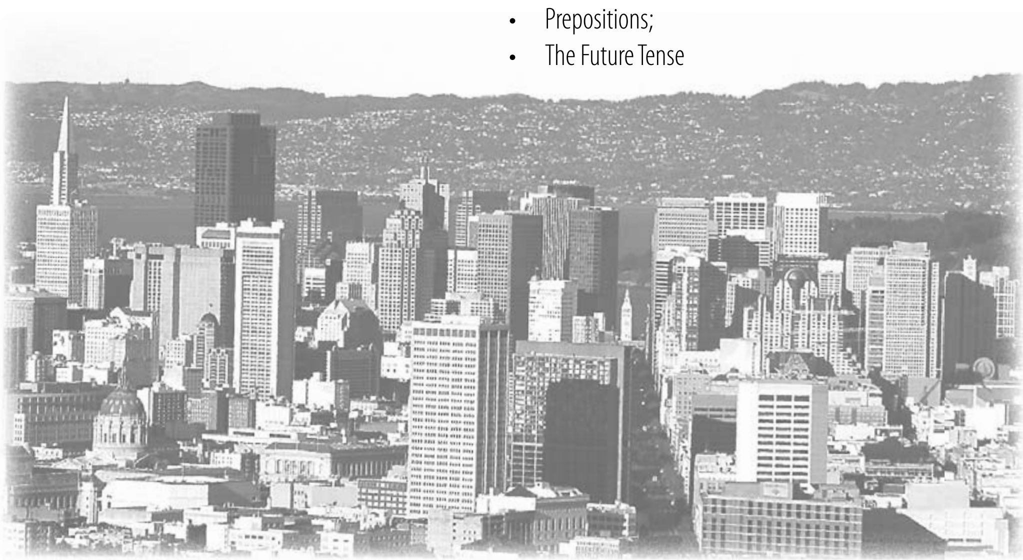
BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Microeconomics
- Macroeconomics
- Full employment
- Price stability
- Economic growth
- Economic Stabilisation

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Formation: Adjectives
- Articles
- Prepositions;
- The Future Tense



THE MAJOR DIVISIONS OF ECONOMICS

The major divisions of economics include microeconomics and macroeconomics. Another branch, **development economics**, investigates the history and changes of economic activity and organisation over a period of time, as well as their relation to other activities and institutions. Within these three major divisions there are specialised areas of study that attempt to answer questions on a broad spectrum of human economic activity, including public finance, money supply and banking, international trade, labour, industrial organisation, and agriculture.

MICROECONOMICS

As its name implies **microeconomics** deals with the micro aspects of economics, concerning choices. It considers questions such as: how is it decided, and how should it be decided, what enterprises should operate; what goods and service should be produced; what techniques of production should be used; at what prices should goods be sold; and how should incomes be distributed amongst the members of a society.

It considers individuals both as suppliers of labour and capital and as the ultimate consumers of the final product, and it analyses firms both as suppliers of products and as consumers of labour and capital. Microeconomics seeks to analyse the market or other type of mechanism that establishes relative prices among goods and services – the price of tomato versus hot dog.

MACROECONOMICS

A British economist, John Maynard Keynes is largely responsible for the creation of modern **macroeconomics**. As its name implies it deals with the macro aspects of economics, concerning the determination of broad aggregates. This considers what determines full employment and production, consumption, investment, and how much a country imports or exports. It also asks what causes booms and slumps in the short run, and what determines the long-term growth rate of the economy, the general level of prices and the rate of inflation.

Macroeconomics considers how these matters can and should be influenced by government through monetary and fiscal policies. **Fiscal policy** relates to taxes and expenditures, **monetary policy** to financial markets and the supply of credit, money, and other financial assets.

A SHARED SET OF GOALS: FULL EMPLOYMENT, PRICE STABILITY AND ECONOMIC GROWTH

However, consistent throughout macroeconomics is a shared set of goals: full employment, price stability and economic growth.

Full employment is a situation when every worker available for employment has a job. It is very unlikely that this can ever be achieved. When economists talk about full employment, they normally mean fairly full employment. However, for obvious reasons, it is one of the primary goals of any economic society: the more fully resources are employed, the greater the levels of output of goods and services, and the higher the prosperity.

Price stability is the absence of inflation or deflation in the overall level prices. **Inflation** is a persistent tendency for prices and money wages to increase. The rise in prices resulting from an increase in demand for goods and services may be connected with an increase in money supplies. It is measured by the proportional changes over time in some appropriate price index, commonly a consumer price index or **GDP** deflator, the ***gross domestic product*** being the annual total value of goods produced and service provided by a country.

Even when the rate of inflation stands at relatively modest levels it can pose problems for the economy. **Real income** is the quantity of goods and services that can be bought with an individual's nominal or money income, i.e., the real purchasing power of one's nominal income. When prices of the goods and services rise, and people's nominal incomes remain the same or do not rise as fast as prices, the real income of these consumers falls.

Economic growth is the rate of increase of the money received by a country from industry and trade, which term is generally applied to developed economies. Economic growth is measured by dividing the **gross national product** by the number of people in the country, where *GNP* stands for the annual total value of goods produced and services provided by a country, plus the total income from abroad.

THE OVERALL GOAL OF MACROECONOMICS POLICY

Economic stabilisation is the overall goal of macroeconomics policy. **Economic stability** means the achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present and future.

Unit Summary

This unit has been about the terms, concepts and definitions of microeconomics and macroeconomics. Here are the key points from this unit.

- ***Development economics*** investigates the history and changes of economic activity and organisation over a period of time, as well as their relation to other activities and institutions.
- ***Economic growth*** is the rate of increase of the money received by a country from industry and trade.
- ***Economic stability*** means the achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present and future.
- ***Fiscal policy*** relates to taxes and expenditures.
- ***Full employment*** is a situation when every worker available for employment has a job.
- ***GDP - gross domestic product*** is the annual total value of goods produced and service provided by a country.
- ***GNP - gross national product*** is the annual total value of goods produced and services provided by a country, plus the total income from abroad.
- ***Inflation*** is a persistent tendency for prices and money wages to increase.
- ***Macroeconomics*** deals with the macro aspects of economics, considering what determines full employment and production, consumption, investment, and how much a country imports or exports, and asking what determines the long-term growth rate of the economy, the general level of prices and the rate of inflation.
- ***Microeconomics*** deals with the micro aspects of economics, considering individuals both as suppliers of labour and capital and as the ultimate consumers of the final product, and analysing firms both as suppliers of products and as consumers of labour and capital.

- ***Monetary policy*** refers to financial markets and the supply of credit, money, and other financial assets.
- ***Price stability*** is the absence of inflation or deflation in the overall level prices.
- ***Real income*** is the real purchasing power of one's nominal income.

Unit Questions

1. State the major division of economics.
2. Define macroeconomics.
3. Explain what is meant by the terms monetary and fiscal policies.
4. State a shared set of goals consistent throughout microeconomics.
5. Explain how inflation is measured.
6. Explain why relatively modest levels of the rate of inflation can pose problems for economy.
7. Describe how economists measure economic growth.
8. Tell the difference between GDP and GNP.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Microeconomics:*

   (a) Deals with the micro aspects of economics, considering individuals as suppliers of labour and capital, and analysing firms both as suppliers of products and as consumers of labour and capital.

   (b) Deals with the micro aspects of economics, considering individuals both as suppliers of labour and capital and as the ultimate consumers of the final product, and analysing firms both as suppliers of products and as consumers of labour and capital.

   (c) Deals with the micro aspects of economics, considering individuals both as suppliers of labour and capital and as the ultimate consumers of the final product, and analysing firms as consumers of labour and capital.

2. *Full employment is:*
   (a) A situation when every worker available for employment has a job.
   (b) A situation when every worker unavailable for employment has a job.
   (c) A situation when every worker available for employment has not a job.

3. *Inflation is:*
   (a) A persistent tendency for prices and money wages to decrease.
   (b) The rise in prices resulting from an increased demand for goods and services.
   (c) A persistent tendency for prices and money wages to increase.

4. *When prices of the goods and services rise, and people's nominal incomes remain the same or do not rise as fast as price:*
   (a) The real income of these consumers falls.
   (b) The real income of these consumers rises.
   (c) The nominal or money income of these consumers falls.

5. *Economic growth means:*
   (a) The achievement of full employment under the inflation or nearly inflation conditions to attain economic growth in the present and future.
   (b) The achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present and future.
   (c) The achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) **Match the terms on the left-hand side with the definitions on the right-hand side.**

(a) Gross national product	(1) The point in the trade cycle when prices and employment are at their lowest.
(b) Real income	(2) The annual total value of goods produced and services provided by a country, plus the total income from abroad.
(c) Price stability	(3) The point in the trade cycle where the upward movement is complete, prices and employment being at their maximum.
(d) Boom	(4) The real purchasing power of one's nominal income.
(e) Slump	(5) The absence of inflation or deflation in the overall level prices.

(b) **Replace the expressions in italics with expressions from the text which have the same meaning.**

1. Development economics ***examines*** the history and changes of economic activity and organisation ***during*** a period of time, as well as their relation to other activities and institutions.
2. As its name ***indicates*** microeconomics ***is concerned with*** the micro aspects of economics.
3. It ***regards*** individuals both as suppliers of labour and capital and as the ultimate consumers of the final product.
4. Macroeconomics ***highlights*** the macro aspects of economics.
5. Macroeconomics also ***takes into account*** what determines full employment and production, consumption, investment, and how much a country imports or exports.
6. Fiscal policy ***is about*** taxes and expenditures.

7. Full employment is a situation when every worker ***capable of being used*** for employment has a job.
8. Price stability is the ***non-existence of*** inflation or deflation in the ***total*** level prices.

(c) <u>Match the expressions on the left-hand side with the expressions on the right-hand side:</u>

(a)	To include	(1)	Undertaking, business, firm, company
(b)	Major	(2)	To look for, to search for
(c)	Spectrum	(3)	Constant
(d)	Persistent	(4)	To suggest, to hint to, to refer to
(e)	Modest	(5)	Main, chief, important, large
(f)	Consistent	(6)	To comprise, to encompass, to embrace
(g)	In the short run	(7)	The entire or a wide range arranged by degree or quality
(h)	Enterprise	(8)	Moderate, limited
(i)	To seek	(9)	Continuing or constantly repeated
(j)	To imply	(10)	In the immediate future

(d) <u>Fill in the missing words by choosing from the below given box.</u>

price stability	**GNP**	**real income**	**economic growth**
	inflation	**economic stability**	

1. .... is the real purchasing power of one's nominal income.
2. .... stands for gross national product and means the market value of all final goods and services produced in an economy over a given period of time.
3. .... is a persistent tendency for prices and money wages to increase.
4. .... is a situation of no inflation or deflation in the economy.

5. .... means the achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present and future.

6. .... is the rate of increase of the money received by a country from industry and trade.

(e) <u>The following words describe trends/changes.</u>

⬆	⬇
to go up to increase to rise to grow to climb to jump	to go down to decrease to decline to fall to drop to cut
an increase a rise a growth a climb a jump	a decrease a decline a fall a drop a reduction

<u>Look at them and complete the sentences below, using the words in the box to show what changes have occurred between last year and this year.</u>

1. Bicycles last year: 2 million Bicycles this year: 2.2 million
   There has been a ....*rise*.............. in bicycle production.
2. Unemployment rate last year: 7.5% Unemployment rate this year: 6.8%
   The unemployment rate .... to 6.8%.
3. Car sales last year: 1 million Car sales this year: 1.5 million.
   Western European car sales .... from 1 million to 1.5 million.
4. Investment last year: $300,000 Investment this year: $150,000
   The company has .... investment in new machinery.
5. Budget last year: 100% Budget this year: -20%
   There has been a .... in the budget.
6. Stock value last year: $10.2 million Stock value this year: $12.4 million
   There has been an .... in the stock value.
7. Orders last year: 8 million Orders this year: 7 million
   Orders .... to 7 million.

(f) **<u>After reading the below given note carefully, complete the sentences with the appropriate forms of the words *rise*, *raise*, or *arise*, either verb or noun form.</u>**

<u>TAKE CARE NOT TO CONFUSE THE FOLLOWING EASILY CONFUSED WORDS!</u>

TO RISE (v)	*ROSE*	*RISEN* (v.)	Prices ***have not risen*** as much this year.
[*A RISE (n.)*			There has been ***a rise*** in fuel prices.]
TO RAISE (v.)	*RAISED*	*RAISED* (v.)	We have no plans ***to raise*** taxes at present.
[*A RAISE (n.)*			She asked for ***a raise/a rise*** (Am.E./Br. E.)]
TO ARISE (v.)	*AROSE*	*ARISEN* (v.)	Problems ***arise*** when you try to introduce changes quickly.

1. Prices .... considerably last year.
2. The Government .... sales tax by 3%.
3. Salaries are expected .... by 4% next year.
4. Please contact Mr Collins if the need ....
5. Wages were increased to cover the.................................. in the cost of living.
6. Interest rate will no doubt continue to ....
7. Inflation is not simply .... in the price of a certain good.

2. WORD FORMATION: ADJECTIVES

- When an adjective is formed by the close combination of two elements, the second of which is usually an adjective, it is called a *compound adjective*.
- The first element may be: (i) *a noun* – *air*sick; (ii) *an adjective* – *red*-hot; (iii) *an adverb* – *over*due.
- Compound adjectives with *self*- being the first part are very frequent as well: *self*-evident.
- There are also compound adjectives that are made with present participles (e.g. *long-lasting*) and past participles or adjectives ending in *–ed*: (*a hand-blown, hard-boiled*). The latter are more common though.
- Compound adjectives made with present participles have an active meaning, the ones made with past participles and adjectives ending in *–ed* have a passive meaning.

(a) **Fill in the blanks by using the below given compound adjectives.**

fact-finding far-sighted wide-ranging self-sufficient

1. Large goals that required .... policies.
2. Agriculture will soon reach the point where the country is .... for food.
3. A .... committee is responsible for the discovery of facts.
4. John M. Keynes, a British economist, known for his .... interests.

(b) **Use the past participle (as an adjective) as shown in the below given example.**

E.g.: *Goods which have been bought are .... goods.*
Goods which have been bought are **bought** *goods.*

1. Resources *which are limited* are .... resources.
2. Demand *which has decreased* is a .... demand.
3. John Maynard Keynes *whose renown* is based on his substantive achievement in economics is a .... person.
4. Goods *which have been manufactured* are .... goods.
5. Persons *who are employed* are .... persons.

(c) **Use the present participle (as an adjective) as shown in the below given example.**

E.g.: A person who manages or owns a *bank* is in the .... business.
A person who manages or owns a *bank* is in the ***banking*** business.

1. Countries undergoing *development* are called .... countries.
2. People who *manage* large corporations or small businesses are called .... directors.

3. He aroused a feeling of *interest* by his .... suggestions.
4. Ownership of a sufficient number of shares of stock in a company *to control* company policy is called .... interest.
5. Cash *spent* for small personal needs is called .... money.
6. The hours of *work* were reduced to 40 per week and the .... day was established at 8 hours in the 1930s.

3. ARTICLES

(a) <u>After supplying the appropriate article, finish the below given sentences.</u>

E.g. He comes from ***England***, he is, ...,
and he speaks ....

He comes from ***England***, he is ....*an Englishman*..............,
and he speaks ....*English*.............. .

E.g. He comes from ***Japan***, he is .... ,
and he speaks ....

He comes from ***Japan***, he is ....*a Japanese*.............. ,
and he speaks ....*Japanese*.............. .

1. He comes from the ***Netherlands***, he is .... ,
and he speaks ....
2. He comes from ***Belgium***, he is .... ,
and he speaks ....
3. He comes from ***America***, he is .... ,
and he speaks ....
4. He comes from ***France***, he is .... ,
and he speaks ....

5. He comes from ***Ireland***, he is .... ,
   and he speaks ....
6. He comes from ***Austria***, he is .... ,
   and he speaks ....
7. He comes from ***Spain***, he is ....,
   and he speaks ....
8. He comes from ***Sweden***, he is ....,
   and he speaks ....
9. He comes from ***Egypt***, he is ....,
   and he speaks ....
10. He comes from ***Switzerland***, he is ....,
    and he speaks ....
11. He comes from ***Mexico***, he is ....,
    and he speaks ....
12. He comes from ***Malaysia***, he is ....,
    and he speaks ....
13. He comes from ***Greece***, he is ....,
    and he speaks ....
14. He comes from ***Finland***, he is ....,
    and he speaks ....
15. He comes from ***Norway***, he is ....,
    and he speaks ....
16. He comes from ***Denmark***, he is ....,
    and he speaks ....
17. He comes from ***Iraq***, he is ....,
    and he speaks ....

(b) **<u>Supply the appropriate articles, as well as the names of professions.</u>**

E.g. A person who *teaches* in school or in a college is ....

A person who teaches in school is ....*a*.... ....*teacher.*.............

E.g. A person who *audits* the company annually is ....

A person who *audits* the company annually is ....*an*.... ....*auditor.*.............

1. A person who *sings* is ....
2. A person who applies the study of *economics* is ....
3. A person who studies *mathematics* is ....
4. A person who applies *statistics* is ....
5. A person who studies and applies *sociology* is ....
6. A person who applies the study of *management* is ....
7. A person who does *research* work is ....

(c) **<u>Fill in the blank with the appropriate article or leave it blank to indicate that no article is necessary</u>.**

Supply and Demand

.... price of .... article depends upon two distinct sets of forces, generally referred to as supply and demand. *Supply* means .... quantity offered for sale by producers, and *demand* .... quantity that consumers are willing to buy. Thus .... *supply* of coal does not mean .... amount of coal lying underground waiting to be mined; it means .... amount of coal .... coalowners are willing to put on .... market at various prices. Similarly, ... *demand* for coal does not mean .... amount of coal which people need, or would like to have, but .... amount which people are willing to buy at various prices.

Thus demand and supply vary with price. But they also vary with other things – for instance, with people's tastes, or .... standard of living, or .... state of technical knowledge.

.... fact that supply and demand both respond to changes in price means that supply and demand can be balanced if .... appropriate price is charged. .... higher .... price, ... more will be supplied and .... less demanded; .... lower .... price, ... less will be supplied and .... more demanded. Any gap between supply and demand can be closed therefore by raising or lowering .... price. Given .... state of demand (demand conditions) and .... state of supply (supply conditions) there will be one price – .... equilibrium price.

4. PREPOSITIONS

Supply the missing prepositions.

Economic development

It is the process whereby simple, low-income national economies are transformed .... modern industrial economies. Although the term is sometimes used as a synonym .... economic growth, generally it is employed to describe a change .... a country's economy involving qualitative as well as quantitative improvements. The theory .... economic development - how primitive and poor economies can evolve .... sophisticated and relatively prosperous ones - is .... critical importance .... underdeveloped countries, and it is usually .... this context that the issues .... economic development are discussed.

5. THE FUTURE TENSE

- The Future Tense is used to express:
  (a) The speaker's opinions, assumptions, etc. about the future.
  E.g. (I suppose) *they'll* move abroad.
  (I think) our books *will sell* well on the market.

(b) A decision made at the time of speaking:

E.g. Have you ordered the books? No. *I'll do* it now.

(c) Future habitual actions which we assume will take place:

E.g. Spring *will come* again.

- However, the Future Tense is not the only way of expressing the future. As has already been mentioned the *Present Simple* can also be used for a planned future action (*E.g.* We *leave* Belgrade at six and *arrive* in Subotica at eight.), as well as the *Present Continuous* for a definite future engagement (*E.g.* He *is going* to the theatre tonight.).
- Some other methods of expressing the future include:

(a) The *going to* form expresses the intention to perform a certain future action. Actions expressed by the *going to* form are usually considered very likely to be performed, though there is not the same idea of definite future engagement that we get from the present continuous.

E.g. We *are going to launch* our new product in May.

(b) *The Future Continuous Tense* is used to express a future without intention. In contrast to the present continuous tense which implies a *deliberate* action, the future continuous tense usually implies an action which will occur in the normal course of events.

E.g. Marry is meeting Tim tomorrow. (Mary has deliberately arranged the meeting tomorrow)

Mary'll be meeting Tim tomorrow. (they will meet in the ordinary course of events, i.e. perhaps they work together)

(a) <u>Put the verbs in brackets into the correct form.</u>

1. My colleague has found a new job. He .... tomorrow. (*leave*)
2. Hold all calls. I .... the whole day. (*work*)
3. Since our country has passed laws that allow companies to hire and fire employees, I .... some of our employees .... (*let go*)
4. I don't think my boss .... the contract on Monday. (*sign*)
5. Look at the mess you have made of your office. Oh, I know. I .... it. (*tidy*)

(b) Fill in the blank spaces in the text with correct verb forms.

Economic growth

It is often said that two factors: government and entrepreneurship ………………………………… (BEAR) the responsibility for the differences in rates of growth. The belief that governments should have a large say in choosing the "right" rate of growth has also led some writers ………………………………… (CHALLENGE) the social and economic value of economic growth in an advanced industrial society.

They ………………………………… (ATTRIBUTE) to growth such undesirable side effects of industrialisation as traffic congestion, the increasing pollution of air and water, the despoiling of the landscape, and a general decline in man's ability ………………………………… (ENJOY) the "real" amenities of life. As has been seen, growth ………………………………… (BE) really a transformation whereby certain industries ………………………………… (EXPERIENCE) a rise in importance followed by an eventual decline as the market for their output becomes relatively saturated.

Demand, relatively speaking, ………………………………… (MOVE ON) to other types of industries and products. All of this naturally ………………………… (IMPLY) a reallocation of resources over time. The faster these resources ………………… (MOVE), the more rapidly can growth and transformation proceed.

Some critics ………………………… (HOLD) that, in modern industrial society, consumption …………………… (EXISTS) for the sake of justifying production rather than production being carried out to satisfy consumer desires. These arguments …………………… (BE) a powerful challenge to those who …………………… (SEE) growth as the most important economic goal of a modern society.

Review and discussion questions

This exercise is concerned with questions such as: Why organisations lay off workers? How do organisations create flexible and rapid response systems? How does one make ethical choices and how difficult is it? Below are offered some guidelines.

1. There was a time when organisations followed a relatively simple rule: In good times you hire employees; in bad times you fire them. Since late 1980s that "rule" no longer holds true. Throughout 1990s, for instance, IBM cut staff by 122,000 workers, Boeing by 61,000, Kodak by more than 34,000 positions, etc.
2. This *downsizing phenomenon* is not going on just in the United States. Jobs are being eliminated in almost all industrialised countries.
3. Why this trend for downsizing? Because thousands of organisations have decided that they could save money and increase their flexibility by converting many jobs into temporary or part-time positions – giving rise to what is commonly known as contingent workforce.
4. In other words, *contingent workforce* refers to part-time, temporary and contract workers who are available for hire on an as-needed basis. *Part-time employees* work fewer than 40 hours a week; *temporary employees* are usually employed during peak production hours or to fill in for employees who are out of work for an extended period of time; and *contract workers*, typically very skilled, are hired to work on specific projects.
5. Being part of the contingent workforce – even if not by choice – might not be so bad if employees received benefits typically offered to full-time permanent employees. For instance, as a contract worker, you are required to pay all your Social Security premiums. Added to Social Security are such things as health insurance payments. He also has to pay for office supplies and equipment. As for time off with pay, forget about it. Vacation, holidays, sick leave? It is simple. Take all you want. But remember, when you don't work, you don't get paid.

Questions

1. Do you believe organisations that hire contingent workers who would rather have permanent employment guilty of exploitation?
2. Should organisations be legally required to provide some basic level of benefits – such as health insurance, vacation, sick leave and retirement – to contingent workers? What is your opinion?

UNIT 4
BUSINESS ORGANISATIONS AND LEGAL FORMS OF BUSINESS ORGANISATIONS

LEARNING OUTCOMES

BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Business Organisations
- Legal Forms of Business Organisations
- Limited Liability Principle
- Private and Public Companies

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Formation: Nouns
- Prepositions and Verbs: Prepositional or Phrase Verbs
- The Past and Perfect Tenses

WHAT IS MEANT
BY THE TERM BUSINESS ORGANISATION?

Business organisation is a systematic arrangement of people brought together to accomplish some specific business purpose. Your faculty or university is your business organisation. So are sororities, your neighbourhood convenience store, churches, Red Star football team, the MCI-Worldcom Corporation, etc. These are all organisations because each has three common characteristics.

WHAT THREE COMMON CHARACTERISTICS
DO ALL ORGANISATIONS SHARE?

Business organisations have three common characteristics:

- **Plurality of membership**, which means that they have more than one member (at least when they are formed). It distinguishes the business organisation from the business owned by one individual.
- **The possession of distinct assets**, which means that they have assets that are legally distinct from the private assets of the members. It is required for two purposes: to delimit the assets to which creditors of the organisation can resort to satisfy their claims and to make clear what assets the managers of the organisation may use to carry on business.
- **A system of management**, which means that they have a formal system of management, which may or may not include members of the organisation. It varies greatly. In a simple form of business organisation the members who provide the assets are entitled to participate in the management unless otherwise agreed. In the more complex form of organisation members have no immediate right to participate in the management of the organisation's affairs, but are legally entitled to appoint and dismiss the managers, known also as directors, presidents, or administrators.

WHAT ARE THREE COMMON LEGAL FORMS OF BUSINESS ORGANISATIONS?

Business organisations customarily take one of the following three legal forms:

- **Individual proprietorships**, where a single person totally controls the assets and is personally liable for debts and obligations incurred in connection with the business. This form of business organisation, managed usually on a day-to-day basis, is often termed as "one-man business". However, "one-man business" should be distinguished from a **sole trader**, which is a business organisation where one person is also in business on his own, providing the capital, taking the profit, and standing the losses himself, but the business may employ many people. Sole traders usually engage in retailing, building and alike activities, which are not capital intensive. Most businesses are of this type.
- **Partnerships**, which may have from two to 50 or more members, as in the case of large law and accounting firms, brokerage houses, and advertising agencies. This form of business is owned by the partners themselves. They may receive varying shares of the profits depending on their investment or contribution. Partnerships may have either limited or unlimited liability. A **limited partnership** consists of **general** or **full partners** who are fully liable for partnership debts and **limited partners** who are liable to the extent of their investments. Whenever a member leaves or a new member is added, the firm must be reconstituted as a new partnership.
- **The limited-liability company** or **corporation**, which denotes incorporated groups of persons - that is, a number of persons considered as a legal entity (or fictive "person") with property, powers, and liabilities separate from those of its members. This type of company is also legally separate from the individuals who work for it, whether they be shareholders or employees or both. It can enter into legal relations with them, make contracts with them, and sue and be sued by them. Most large industrial and commercial organisations are limited-liability companies.

LIMITED LIABILITY vs. UNLIMITED LIABILITY

The principle of limited liability is extremely important to a company. **Limited liability** means that an investor's liability to debt is limited to the extent of his/her shareholding. Thus, for instance, if you own $100 shares in a company, in the event of becoming insolvent, the most you can lose is $100 originally invested. Contrasted with limited liability is **unlimited liability**, which denotes liability for the debts an individual or business organisation has incurred, without limit.

PRIVATE AND PUBLIC COMPANIES UNDER COMMON LAW AND CIVIL LAW SYSTEMS

English law distinguishes three classes of company: private companies with unlimited liability, private companies with limited liability, and public limited companies. For some purposes of company law, for example, a **private limited company** (**Ltd.**) cannot have more than 50 members and cannot offer shares to the general public, and **public limited company** (**PLC**), can offer shares to the general public if it wants to enlarge. Under the civil-law systems a fundamental distinction is drawn between the public limited company and the private limited company. However, for practical purposes public and private companies function the same way in all countries.

Unit Summary

This unit has been about the terms, concepts and definitions referring to a business organisation, common characteristics and types of business organisations, the principle of limited liability and public and private companies. Here are the key points from this unit.

- ***Business organisation*** is a systematic arrangement of people brought together to accomplish some specific business purpose.
- ***Individual proprietorships*** refer to a single person who totally controls the assets and is personally liable for debts and obligations incurred in connection with the business, often termed as "one-man business".
- ***Limited liability*** means that an investor's liability to debt is limited to the extent of his/her shareholding.
- ***Limited-liability company*** *or* **corporation** denotes incorporated groups of persons - that is, a number of persons considered as a legal entity with

property, powers, and liabilities separate from those of its members. It can enter into legal relations with them, make contracts with them, and sue and be sued by them.

- ***Limited partnership*** consists of general or full partners who are fully liable for partnership debts and limited partners who are liable to the extent of their investments.
- ***Management system*** means that business organisations have a formal system of management, which may or may not include members of the organisation.
- ***Partnership*** is a business which may have from two to 50 or more members. This form of business is owned by the partners themselves, who may receive varying shares of the profits depending on their investment or contribution.
- ***Plurality of membership*** means that business organisations have more than one member, at least when they are formed.
- ***Possession of distinct assets*** means that business organisations have assets that are legally distinct from the private assets of the members.
- ***Sole trader*** is a business organisation where one person is in business on his own, providing the capital, taking the profit, and standing the losses himself, but the business may employ many people.
- ***Unlimited liability*** denotes liability for the debts an individual or business organisation has incurred, without limit.
- ***Private limited company (Ltd.)*** cannot have more than 50 members and cannot offer shares to the general public.
- ***Public limited company (PLC)*** can offer shares to the general public if it wants to enlarge.

Unit Questions

1. What is meant by the term business organisation?
2. What three common characteristics do all organisations share?
3. What are three common legal forms of business organisations?
4. Explain the difference between limited liability and unlimited liability.
5. State the difference between public limited companies and private limited companies.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Business organisations have three common characteristics:*
   (a) Plurality of membership, the possession of private assets and a system of management.
   (b) Plurality of membership, the possession of distinct assets and management.
   (c) Plurality of membership, the possession of distinct assets and a system of management.

2. *Managers are also known as:*
   (a) Directors, presidents, or administrators.
   (b) Directors, shareholders, or administrators.
   (c) Directors, presidents, or, employees.

3. *Sole trader is:*
   (a) A one-man business.
   (b) A business organisation where one person is in business on his own, providing the capital, taking the profit, and standing the losses himself, but the business may employ many people.
   (c) A business where a single person totally controls the assets and is personally liable for debts and obligations incurred in connection with the business.

4. *Partnership is:*
   (a) A form of business owned by the partners themselves, who may receive varying shares of the profits depending on their investment or contribution.
   (b) A form of business owned by the partners themselves, who receive equal shares of the profits.
   (c) A form of business owned by the general or full partners who are fully liable for partnership debts.

5. *The limited-liability company or corporation denotes:*

   (a) A company that is legally separate from the individuals who work for it, whether they be shareholders or employees or both.

   (b) A group of individuals having the right to enter into legal relations with others, make contracts with others, and sue and be sued by others.

   (c) An association of individuals, created by law, having a continuous existence independent of the existences of its members, and powers and liabilities distinct from those of its members and entitled to enter into legal relations with them, make contracts with them, and sue and be sued by them.

6. *Public limited company is:*

   (a) A company that cannot have more than 50 members and cannot offer shares to the general public.

   (b) A company that can offer shares to the general public if it wants to enlarge.

   (c) A company that can have more than 50 members and cannot offer shares to the general public if it wants to enlarge.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Limited partnership	(1) It denotes liability for the debts an individual or business organisation has incurred, without limit.
(b) Individual proprietorship	(2) Partnership which consists of general or full partners who are fully liable for partnership debts and limited partners who are liable to the extent of their investments.
(c) Limited liability	(3) Type of business organisation where a single person totally controls the assets and is personally liable for debts and obligations incurred in connection with the business.
(d) General or full partners	(4) It means that an investor's liability to debt is limited to the extent of his/her shareholding.
(e) Unlimited liability	(5) Partners who are fully liable for partnership debts.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. Business organisation is a systematic arrangement of people ***assembled*** to accomplish some specific business purpose.
2. The possession of distinct assets is required ***to determine the limits*** of the assets to which creditors of the association can

recourse to satisfy their claims and ***to clarify*** what assets the managers of the association may use ***to conduct*** business.

3. In a simple form of business organisation the members who provide the assets ***have the right*** to participate in the management unless ***differently*** agreed.
4. Individual proprietorships refer to a single person who totally ***manages*** the assets and is personally ***responsible for*** debts and obligations.
5. This form of business is ***in possession of*** the partners themselves.
6. This type of company is also legally ***independent*** from the individuals who work for it.

(c) <u>Match the expressions on the left-hand side with the expressions on the right-hand side:</u>

(a)	To accomplish	(1)	To change, to alter, to differ
(b)	Distinct	(2)	To take legal action against somebody in a court
(c)	Claim	(3)	To sell goods to the general public
(d)	To sue	(4)	Demand, assertion, request
(e)	Retail	(5)	Something that is owed, especially money
(f)	Debt	(6)	Separate, different, peculiar
(g)	To vary	(7)	To fulfil, to perform, to achieve

2. WORD FORMATION: NOUNS

- The suffixes such as *–ant*, *-ee*; *-ess; -er*; *-ian*; *-ist*; *-or* combine with nouns and verbs to form new nouns that refer to *people* or *professions*.

  E.g. *defend* – defendant.

- Many nouns referring to an activity, a process, or a state or condition are formed from verbs/nouns/adjectives by adding the suffixes, such as *–al*; *-ance*; *-cy*; *-dom*; *-ence*; *-ful*; *-hood*; *-ing*; *-ion*; *-ism*; *-ity*; *-ness*; *-ship*, etc.

  E.g. *refuse* (*v.*) – refusal; *hero* (*n.*) – heroism; *hard* (*adj.*) – hardship, *weak* – weakness, etc.

(a) **<u>Look at the list of nouns. Write down the noun or verb from which they have been formed in the space provided. The first one has been done for you.</u>**

SUFFIX	VERB/NOUN	NOUN FORMED
-ant	*defend*	defendant
	....	assistant
-ee	....	employee
	....	trainee
-ess	....	actress
	....	manageress
-er	....	wholesaler
	....	retailer
-ian	....	historian
	....	musician
-ist	....	novelist
	....	scientist
-or	....	investor
	....	visitor

(b) **<u>Look at the list of nouns formed from them. Write down the noun, verb or adjective from which they have been formed in the space provided. The first one has been done for you.</u>**

SUFFIX	VERB/NOUN/ADJECTIVE	NOUN FORMED
-al	*approve*	approval
-ance	....	reliance
-cy	....	consistency
-dom	....	freedom
-ence	....	independence
-ful	....	useful
-hood	....	sisterhood

-ing	....	monitoring
-ion	....	contribution
-ism	....	modernism
-ity	....	liability
-ment	....	accomplishment
-ness	....	effectiveness
-ship	....	partnership

(c) **Give opposites of the below given nouns by using a suitable prefix.**

arrangement	....	propriety	....
lawfulness	....	employment	....
connection	....	consistency	....
distinctiveness	....	engagement	....
effectiveness	....	approval	....

3. PREPOSITIONS AND VERBS: PREPOSITIONAL OR PHRASE VERBS

- A preposition attached to a verb gives a new meaning to the verb. These are known as *prepositional* or *phrase verbs. E.g. to carry* is to bear; *to carry through* is to accomplish, etc.
- For practical purposes, there shall be no attempt to treat the prepositions as part of the verb or the preposition as idiomatically following the meaning of the verb, but bearing an essential part of the meaning of the verb. Below are given two examples of the difficulty involved.

  E.g. To go to London *on business*. To *carry on* business in London.

  In the first the expression *on business* is a distinct phrase quite separable from *go*, and indicates the purpose of going. But in the second example, the words *on business* do not constitute a distinct phrase separable from *carry*. It is quite plain from the meaning that the whole verb is not *carry* but *carry on*.

Supply the missing prepositional or phrase verbs.

1. Business organisation is a systematic arrangement of people .... to accomplish some specific business purpose. (BRING OUT/TO/TOGETHER)
2. The matter concerning the dismissal of Mr. Smith was .... the manager's notice. (BRING OUT/TO/TOGETHER)

3. The investigation of a business failure is sure to .... some surprising things. (BRING OUT/TO/TOGETHER)
4. Plurality of membership .... the business organisation .... the business owned by one individual. (DISTINGUISH BETWEEN/FROM)
5. One has to .... limited liability and unlimited liability. (DISTINGUISH BETWEEN/FROM)
6. The possession of distinct assets is required to identify assets that managers may use to .... business. (CARRY OUT/ON)
7. The board of directors had no longer any doubt about his ability to .... the plan. (CARRY OUT/ON)
8. Under common law, all companies must .... the rules of the Company law. (ABIDE IN/BY)
9. The company will .... the care of the compulsory administration till it can operate profitably again. (ABIDE IN/BY)

4. THE PAST AND PERFECT TENSES

- The **PAST SIMPLE** form is used to refer to:
  - (a) An action or event completed in the past at a definite time.
    - *E.g.* Gates *created* Microsoft operating system in 1981.
  - (b) An action whose time is not given but which:
    - (i) Occupied a period of time now terminated.
      - *E.g.* He *worked* on the project for nine years. (doesn't work now)
    - (ii) Occured in a period of time now terminated.
      - *E.g.* He once *worked* on the project. (doesn't work now)
  - (c) A past habit, expressed by *used to*, emphasizing the contrast between the past and the present and expressing a discontinued habit.
    - *E.g.* He *used to work* with him.
  - (d) One of the commonest uses of the simple past tense is its *narrative* function.
- The **PAST CONTINUOUS** form is used for past actions which continued for some time. It may be used:
  - (a) Without a time expression, indicating gradual development.
    - *E.g.* The prices *were increasing*.

(b) With a point in time, expressing an action which began before that time and probably continued after it.

E.g. At 8.00 he *was having* a meeting. (implying that he was *in the middle* of meeting at 8.00 and *probably* continued after it)

(c) In descriptions: combination of description (past continuous) and with narrative (simple past).

- The **PRESENT PERFECT** form, which always implies a strong connection with the present, is usually spoken of as:

(a) The *resultative perfect*, which denotes a past action:

E.g. Business *has become* harder in this country in a way.

(b) The *continuative perfect*, which often denotes a present tense in other languages.

E.g. He *has been* a sole trader for 10 years. He *has been working* on this case for several years.

- The **PAST PERFECT** form is used:

(a) For an action which has already begun before another action that takes place in the past.

E.g. Gates *had created* Microsoft operating system and his profits *increased*.

(b) In indirect speech.

E.g. Bill Gates said that his computer company *had been started* in 1981.

(c) In time clauses introduced by *when*, *after*, *before*, *until*, *as soon as*.

E.g. *When* B. Gates *had created* Microsoft operating system, his profits *increased*.

E.g. *Before* B. Gates *had worked* with him a year he *wanted* to quit his job and go into business for himself.

Fill in the blank spaces in the text with correct verb forms.

Building a successful company

After Mr. Wiin Wu .... (GRADUATE) from Stanford University, he .... (BEGIN) his career in California at Intel. After he .... (WORK) for several years at this high-tech giant, he .... (FEEL) he .... (BE) ready to move on. He .... (HAVE) a vision of how to make better computer chips. After he .... (FOUND) Macronix International, Ltd., Wu .... (MAKE) his vision a reality.

From the very beginning he .... (UNDERSTAND) the value of good management. As soon as he .... (START) his business he .... (KNOW) he ....(NEED) high-quality people to fulfil his vision. He .... (DO) this by offering several workers an opportunity to join him in Taiwan – giving them a chance to return home and to have a piece of company. Many .... (GIVE UP) comfortable and stable jobs in the United States for this chance. While he .... (MAKE) decisions about the company, he never .... (OVERLOOK) the role of the human factor.

Another example of successful management refers to the Roddick's company. Anita Roddick and her husband Gordon .... (OPEN) their first Body Shop in 1976 in England. Their product .... (BE) unique at the time – soaps and lotions that were made primarily from natural ingredients. They .... (MERGE) cosmetics sales with environmental activism.

From the very beginning, they .... (WANT) to build a successful company that .... (BE) environmentally friendly and driven by principles, not profits. And they ....(SUCCEED).

Review and discussion questions

Part I

Have you ever noticed that people who work in the college registrar's office often don't seem to care much about student's problems? At times they appear to be so fixated on ensuring that every rule is followed that they lose sight of the fact their job is to *serve* students not to *hassle* them. In fact, people lose sight of the organisation's overall goals, which brings us to the topic of employee monitoring.

Although most of this monitoring is designated to enhance worker productivity, it could be, and has been a source of concern in regard to worker privacy. Consider the following.

1. You have been a loyal employee of a large hotel chain. You have just found out that you and a friend have been secretly videotaped while in the restroom in the hotel lobby. Although you were discussing a private matter (in addition to using a lavatory), you feel as if the hotel does not trust you.
2. If you work for USAirways in telephone sales, your phone conversations may be monitored. The company monitors to determine how well you are doing to identify where you may have areas for improvement. It could also be used to substantiate that you are not doing your job properly and could potentially lead to your dismissal.
3. At Olivetti, all employees are given a "smart badge". These identification devices permit your access to various parts of the company, but they can also be used to track your whereabouts. On one hand, knowing where you are assists in forwarding urgent messages to you. On the other, no matter where you are, Olivetti managers can track your location.
4. This brings us to the ethical issues of control. Just how far can an employee go in monitoring employees? Given the fear of corporate espionage, the law has provided companies a lot of latitude. They can legally read your e-mail or computer files; and they can even go so far as to film you while you are on company premises.

Questions

1. Do you believe any of these practices are invasion of privacy?
2. When does management's need for more information about employee performance cross over the line and interfere with a worker's right to privacy?
3. Do you believe organisations should be permitted to monitor employee behaviour off the job?
4. Give your opinion on the following statement: "If employees don't like the rules, they have the option of quitting."

Part II

Every manager at some point in his or her career is likely to be faced with the difficult task of laying off employees. Assume that you are a manager in accounting department of a 6,5000-member corporation. You have been notified by top management that you must permanently reduce your staff by two individuals. Below are some data about your five employees. After reading the below text, state which two employees should be laid off in your opinion. Defend your position.

1. **Jasmine Connor**. African-American female, age 36. Jasmine has been employed with your company for five years, all in the accounting department. Her evaluations over the past three years have been outstanding, above average, and outstanding. Jasmine has MBA from a top-25 business school. She has been on maternity leave for the past few weeks because of the birth of her second child and is expected to return to work in 20 weeks.
2. **George Ericson**. White male, age 49. George has been with you for George has been with you for four months and has eleven years of experience in the company in Payroll. He has a degree in business administration and bachelor's and master's degrees in accounting. He is also a CPE. George's evaluations over the past three years in Payroll have been average, but he did save the company $150,000 on a suggestion he made to regarding using electronic time sheets.
3. **Raul Fernando**. Hispanic mal, age 31. He has been with the company almost four years. His evaluations over the past three years in your department have been outstanding. He is committed to get the job done and devoting whatever it takes. He has also shown initiative by taking job assignments that no one else wanted, and he has recovered quite a number of overdue accounts that you had simply thought should be written off.
4. **Connie Wilson**. White female, age 35. Connie has been with your company seven years. Four years ago, Connie was in an automobile accident while travelling on business to a customer's location. As a result of the accident she was disabled and is wheelchair-bound. Rumours have it that she is about to receive several million dollars from the insurance company of the driver that hit her. Her performance during the past two years has been above average. She has a bachelor's degree in accounting and specialises in computer information systems.
5. **Chuck Smith**. African-American, age 43. Chuck has just completed his joint master's degree in taxation and law and recently passed the Bar examination. He has been with your department for four years. His evaluations have been from good to above average. Five years ago, Chuck won a lawsuit against your company for discriminating against him in a promotion to a supervisory position. Rumours have it that now, with his new degree, Chuck is actively pursuing another job outside the company.

UNIT 5
ENTREPRENEURSHIP AND INTRAPRENEURSHIP

LEARNING OUTCOMES

BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Entrepreneurship
- Franchising
- Intrapreneurship

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Study: Nouns and Verbs
- Idiomatic Expressions
- Conjunctions: Coordinating Conjunctions
- Modal Auxiliary Verbs
- Prepositions
- Articles
- The Past and Perfect Tenses

WHAT IS MEANT BY THE TERM ENTREPRENEURSHIP?

Entrepreneurship is the process of initiating a business venture, organising the necessary resources, and receiving any profits and bearing any losses. **Entrepreneurs** need not necessarily contribute either labour, which can be hired, or capital, which can be borrowed. But they must contribute either one of these or a credible guarantee, if their responsibility is to be genuine.

Because entrepreneurial businesses start small, most can be defined as a "small business" – one that has fewer than 500 employees.

WHY ARE MORE AND MORE PEOPLE CHOOSING ENTREPRENEURSHIP?

As the environment surrounding business continues to change, one trend becomes evident: more and more people are starting their own businesses – about 2 million of them annually in the United States alone. It is also happening in all of North America, in Latin America, and in countries such as Russia, Hungary and China. What explains the increased popularity of individuals starting their own businesses?

One of the reasons has to do with **downsizing** of large corporations designed to create a more-efficient operation through extensive lay offs. These activities have displaced million of workers and managers. Many of them turned the trauma of being laid off into a self-employment opportunity, frequently financed in large part by their severance pay or early retirement bonus.

Other members of the corporate world have seen colleagues and friends lose their jobs and have concluded that future opportunities in downsized corporations will be limited. Therefore, they have voluntarily cut their corporate ties and chosen self-employment.

FRANCHISING

Another force boosting entrepreneurship is the increasing options in **franchising**, characterised by a contractual relationship between a **franchiser** (a manufacturer, wholesaler, or service organisation) and a **franchisee** (an independent entrepreneur), i.e. authorisation given by a company for others to use its name and sell goods in a particular way. Franchises have been prominent in many industries, including fast foods, video stores, health and fitness centres, hair salons, auto rentals, motels, and travel agencies. McDonald's Corporation, with franchises all over the world, is a prominent example.

Purchasing a franchise allows an entrepreneur to run his or her own business but with *less* risk. That is because franchises have a lower failure rate than typical new business because the marketing, operations, and management support are provided by the franchiser.

ENTREPRENEURIAL SPIRIT

Entrepreneurs have long chosen entrepreneurship. Such people are at the same time owners and managers involved in the day-to-day operations and are usually close to the customer. Furthermore, the owner-manager is the main decision-maker, and all employees report to him or her.

Therefore, **entrepreneurial spirit** refers to individuals who are independent workers who initiate a business venture, have a tendency to take the calculated risk, and accept the fact that mistakes occur in business.

WHAT IS MEANT BY THE TERMS INTRAPRENEUR AND INTRAPRENEURSHIP?

In a business run by a sole trader or partnership it is clear who the entrepreneur is. In large organisations, people who demonstrate entrepreneurial characteristics are called **intrapreneurs**.

Yet **intrapreneurship** can never capture the autonomy and riskiness inherent in true entrepreneurship, because intrapreneurship takes place within *larger organisations*. All financial risks are carried out by the **parent** or **holding company**, under which term is meant the leading company of a group that holds all or more than half shares of the other companies. In other words, intrapreneurship means that rules, policies and other constraints are imposed by the parent company, that intrapreneurs report to bosses, and that the payoff for success is not financial independence but career advancement.

Unit Summary

This unit has been about the terms, concepts and definitions of entrepreneurship, entrepreneurs and entrepreneurial spirit, and intrapreneur and intrapreneurship. Here are the key points from this unit.

- ***Downsizing*** is an activity in an organisation designed to create a more-efficient operation through extensive lay offs.
- ***Entrepreneur*** is a person who starts or runs a business activity, especially one that involves financial risk.

- ***Entrepreneurship*** is the process of initiating a business venture, organizing the necessary resources, and receiving any profits and bearing any losses. However, entrepreneurs need not necessarily contribute either labour, which can be hired, or capital, which can be borrowed.
- ***Franchise*** refers to the authorisation given by a company for others to use its name and sell its goods in a particular way.
- ***Franchisee*** is a person or company to whom a franchise is granted.
- ***Franchiser*** is a person or company that grants a franchise.
- ***Entrepreneurial spirit*** refers to individuals who are independent workers who initiate a business venture, have a tendency to take the calculated risk, and accept the fact that mistakes occur in business.
- ***Intrapreneur*** is a person within an organisation who demonstrates entrepreneurial characteristics.
- ***Intrapreneurship*** means that rules, policies and other constraints are imposed by the parent company, that intrapreneurs report to bosses, and that the payoff for success is not financial independence but career advancement.
- ***Parent*** *or* ***holding company*** is the leading company of a group that holds all or more than half shares of the other companies.

Unit Questions

1. Define the term entrepreneurship.
2. Why entrepreneurs need not necessarily contribute either labour or capital?
3. What do entrepreneurs need to contribute if their responsibility is to be genuine?
4. Why are more and more people choosing entrepreneurship?
5. Explain the most frequent ways of financing self-employment opportunities.
6. What is an entrepreneur allowed by purchasing a franchise?
7. Tell the difference between entrepreneurs and intrapreneurs.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Entrepreneurs need not necessarily contribute either:*
   (a) Labour, which cannot be hired, or capital, which cannot be borrowed, if their responsibility is to be genuine.
   (b) Labour, which can be hired, or capital, which can be borrowed, but they must contribute either one of these or a credible guarantee if their responsibility is to be genuine.
   (c) Labour, capital, and a credible guarantee if their responsibility is to be genuine.

2. *Downsizing is:*
   (a) An activity in an organisation designed to displace million of workers and managers.
   (b) An activity in an organisation designed to encourage cutting off corporate ties by corporate members.
   (c) An activity in an organisation designed to create a more-efficient operation through extensive lay offs.

3. *Purchasing a franchise allows an entrepreneur to run his or her own business:*
   (a) With more risk.
   (b) With no risk at all.
   (c) With less risk.

4. *In large organisations, people who demonstrate entrepreneurial characteristics are called:*
   (a) Entrepreneurs.
   (b) Manager-owners.
   (c) Intrapreneurs.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Franchise	(1) It is the leading company of a group that holds all or more than half shares of the other companies.
(b) Intrapreneurs	(2) It means that rules, policies and other constraints are imposed by the parent company, that intrapreneurs report to bosses, and that the payoff for success is not financial independence but career advancement
(c) Parent/holding company	(3) It refers to individuals who are independent workers who initiate a business venture, have a tendency to take the calculated risk, and accept the fact that mistakes occur in business.
(d) Intrapreneurship	(4) Persons within an organisation who demonstrate entrepreneurial characteristics.
(e) Entrepreneurial spirit	(5) Arrangements characterised by a contractual relationship between (a manufacturer, wholesaler, or service organisation) and a *franchisee* (an independent entrepreneur who purchases the right to own and operate any number of units in the franchise systems).

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. Entrepreneurship is the process of ***starting*** a business, organizing the necessary resources, and ***standing*** any profits and ***incurring*** any losses.

2. Entrepreneurs ***do not have to*** contribute either labour or capital, though they must contribute either ***one or another*** or a credible guarantee, if their responsibility is to be genuine.
3. One trend is ***apparent***: ***an increasing number of people*** are starting their own business – about 2 million of them ***per year*** in the United States alone.
4. One of the reasons ***is concerned with*** the ***reduction of workforce in*** large corporations designed to create a more-efficient operation through extensive ***dismissals***.
5. Another force ***encouraging*** entrepreneurship is the increasing options in franchising.
6. ***Buying*** a franchise allows an entrepreneur ***to conduct*** his or her own business with less work.
7. Intrapreneurship can never ***represent*** the autonomy and riskiness inherent in true entrepreneurship.
8. In large organisations, people who ***show*** entrepreneurial characteristics are called intrapreneurs.

(c) Match the expressions on the left-hand side with the expressions on the right-hand side:

(a) Venture	(1) Lack of success or collapse
(b) To hire	(2) Believable or worthy of belief
(c) Extensive	(3) A risky or hazardous undertaking
(d) Failure	(4) To engage, employ or take on
(e) Credible	(5) Massive, huge, enormous

2. WORD STUDY: NOUNS AND VERBS

- Many words in English are both nouns and verbs.

E.g.	**answer**	(*verb*)	I can *answer* that question.
		(*noun*)	Give the *answer* to the question.
	number	(*verb*)	Please *number* the pictures in the book.
		(*noun*)	Put a ***number*** under the pictures.

<u>Look at the list and write down the verb and noun in the space provided. The first one has been done for you.</u>

nail (*verb*) *Nail* the picture on the wall.
(*noun*) Use small *nails* to do it.

1. **name** (*verb*) Can you .... the members of the board?

   (*noun*) What is the .... of the chairman of the board?

2. **purchase** (*verb*) He .... the car last spring.

   (*noun*) What was the date of .... ?

3. **franchise** (*verb*) The company .... over 50% of its fast food outlets since 2002.

   (*noun*) They started their business by obtaining a

   ....

4. **deal** (*verb*) The company .... in used cars.

   (*noun*) We finally made a ....

5. **permit** (*verb*) The law .... the sale of alcoholic beverages.

   (*noun*) Do you have a .... to sell alcoholic beverages?

6. **demand** (*verb*) The workers .... higher wages last year.

   (*noun*) When .... exceeds supply, prices increase as buyers compete to buy goods.

3. GROUPS OF IDIOMATIC EXPRESSIONS

- There are certain sets of common idiomatic expressions belonging to particular subjects. Here are put together a few such sets of idioms: MONEY, DEBT, BUSINESS, BUYING AND SELLING.

Match idiomatic expressions on the left-hand side with the explanations on the right-hand side.

1.	To make money	(a)	Money now available for use.
2.	Bad debts	(b)	To work for it and receive it as salary or wage.
3.	To do business	(c)	To offer articles for sale.
4.	To earn money	(d)	To conduct business as to make profit.
5.	Ready money or cash	(e)	Debts regarded as irrecoverable, as not likely to be paid.
6.	To buy up	(f)	To transact business with another.
7.	To put up for sale	(g)	To pay down the price at the time of purchase.
8.	To buy for cash	(h)	To purchase as much as one can of something or as much as is offered for sale.

4. CONJUNCTIONS: CO-ORDINATING CONJUNCTIONS

- These can join two (or more) parallel parts of sentences. Groups like *not … but*, *(not) only … but also*, *either … or*, *neither … nor*, *both … and*, *at once … and*, *alike … and*, etc., are called correlatives.

  E.g.: In this sense he ***not only*** had economic problems, ***but*** very serious ones.

  I think that it is ***neither*** Willis's fault ***nor*** Ryal's.

Fill in the blank spaces in the text with appropriate co-ordinating conjunctions.

1. .... the chief executive of a computer firm .... the assembly-line worker at a *General Motors* plant represent human resources.
2. Adam Smith contributed .... to the classical economic doctrine, ... to the field of management.
3. Entrepreneurs need not necessarily contribute .... labour .... capital.
4. Such people are .... the owners .... the managers.

5. He has .... the initiative, ... the tendency to take the calculated risk.

6. Intrapreneurship can capture .... the autonomy .... the riskiness inherent in true entrepreneurship.

5. MODAL AUXILIARY VERBS

- There are twelve modal auxiliary verbs:

  can, could, must, may, might, ought,
  shall, should, need, will, would, dare

- They are used with great frequency and in a wide range of meanings, expressing concepts or attitudes relating to recommendation, obligation, necessity and prohibition; permission and refusal; possibility, expectation, probability and certainty; promise and intention; ability and intention.
- For example, the verb *can* has no infinitive, so with *used to*, *seem* and *appear*, *be able to* is used. If you compare the below given example, you will be able to tell the difference.

  E.g. As a successful manager, Mr Simic *can speak* English quite well.

  E.g. He *used to be able to speak* French, too, but he has forgotten it now.

  E.g. Mr Simic *can't give up* smoking.

  E.g. Mr Simic seems (to be) quite *unable to give up* smoking.

- On the other hand, *could* is used for past time if the situation clearly shows past time.

  E.g. I *left* the company because I *couldn't stand* my boss any more.

  E.g. I *tried* to stay for the sake of my colleagues, but I *couldn't* stand him any more.

  E.g. I *could stand* him when I *was* in my thirties.

- However, when the situation does not show past time, *could* may be conditional, showing present or future time.

  E.g. Could you help me? (i.e. now, or in the future)

  E.g. Could he change his attitude towards his employees? (i.e. if he tried)

  E.g. I could find the book for you. (if you needed it, if you asked me to do so)

- Take *may*, for example. It is interchangeable with *can*, though more formal. They both express possibility and permission. *Might* represents the tentative form of *may*. The sentence refers to past, present or future, depending on context.

  E.g. The division *might be* wrong. (might expresses a more remote possibility than may)

- Or, take *ought*, for example. It expresses subject's obligation and duty. But there is neither the speaker's authority (as with *must*), nor an outside authority (as with *have to*). The speaker is only reminding the subject of his duty or giving advice or indicating a sensible action.

  E.g.: You *have to respect* the court. (the court insists on it)

  E.g.: You *must respect* the court. (the speaker insists on it, or approves of the court's authority)

  E.g.: You *ought to respect* the court. (neither the speaker's authority nor the court is involved here, but the speaker thinks that respecting the court is advisable or part of your duty)

- On the other hand, *should* can be used in exactly the same way as *ought* and the questions or remarks with *ought* can be answered with *should*.

  E.g. They *should abide* by the law.

(a) <u>Put in the present, past and future forms, either affirmative or negative, of the following modal auxilieries: *can, could, might, ought and should*. The first one has been done for you.</u>

1. You ....*can*.................. come whenever you like it.
2. She .... leave if she wants to catch the 9 o'clock train.
3. I .... cover at least half of it by the time you get back.
4. My doctor says I .... eat meat.
5. You .... to paint your hall door.
6. He spoke so fast you .... understand a word.
7. You .... to see a new play. It is very interesting.
8. The forecaster said that the weather .... fine later.
9. He .... have my books whenever he wanted them.
10. They .... do as they are told.

(b) **Explain the difference in the meaning in the following pairs of sentences.**

1. (a) Entrepreneurs *need not contribute* either labour or capital.
   (b) Entrepreneurs *must not contribute* either labour or capital.
2. (a) Labour *may be hired* and capital *may be borrowed*.
   (b) Labour *might be hired* and capital *might be borrowed*.
3. (a) Intrapreneurship *must capture* both the autonomy and the riskiness.
   (b) Intrapreneurship *has to capture* both the autonomy and the riskiness.
4. (a) They *cannot recover* their debts.
   (b) They *could not recover* their debts.

6. PREPOSITIONS

Fill in the omitted prepositions.

Entrepreneurial spirit: Amazon.com (Part I)

.... 1994, Jeff Bezos was a successful computer programmer .... Wall Street. His entrepreneurial spirit kept him focused .... the expansive growth occurring .... the Internet. He decided to quit his job and begin looking .... business opportunities .... the Internet. Bezos drew up a list of 20 products that he figured could be sold on-line. Included .... the list were music, magazines, software and books. After he had done some research, he decided that books would offer the best opportunity. First, books offered a number .... products to sell – nearly 2 million titles were .... print. Second, giant bookstores were not as competitive as companies .... other industries such as music.

Bezos piled his belongings .... a moving van and headed west. He chose Seattle because the area offered a talented pool .... computer professionals. (Microsoft and many other computer software start-up companies are located .... Seattle.) Furthermore, it was near the two major book wholesalers.

7. **ARTICLES**

Fill in the blank with the appropriate article or leave it blank to indicate that no article is necessary.

Entrepreneurial spirit: Amazon.com (Part II)

How does Bezos' Amazon.com work? When customers log onto .... company's Web page, they can search for .... book by title, author, or subject. Customers who browse through .... database of over 2.5 million books to find something of interest. When customers find .... book they want to buy, they use one of .... on-line forms to specify hardcover or paperback, gift wrapping, and mode of shipment. Payment is made by credit card submitted over their secured Internet site (or by phone if desired). After customers make .... transaction, Amazon.com requests .... books from .... distributor or publisher and deliver them to .... company's Seattle warehouse. .... order is then packed and shipped to .... customer – usually within three days.

.... most fascinating thing about Amazon.com is that it is truly .... virtual organisation. It employs approximately 2,100 people, has no physical storefront, and .... relatively small inventory. Everyone does what is needed to get .... job done and satisfy .... customer. Jeff Bezos began with a vision - to create .... earth's biggest bookstore. What he developed was .... organisation that today not only sells books, but also CDs and computer products.

8. **THE PAST AND PERFECT TENSES**

Fill in the blank spaces in the text with correct verb forms.

Entrepreneurial spirit: Auntie Anne

Anne .... (GROW UP) in a small town in Pennsylvania. After she .... (COMPLETE) her High School, she .... (MARRY). After she .... (RAISE) her children, she .... (FEEL) restless. She .... (DECIDE) to start working and earn some money.

She .... (TAKE) a job managing a cookie stand. Although she never .... (HAVE) a formal business course, she .... (REALISE) that selling cookies .... (CAN) be very profitable. So, nearly a year later she .... (DECIDE) to open her own cookie stand and sell cookies made by her own recipe.

Aunt Anne .... (WANT) to make her cookie stand a successful business at which she and her family .... (CAN) work together. Several weeks later, Anne .... (OPEN) a second stall. Several months later, her brother .... (PAY) her $2,500 for her cookie recipe and the right to use her name to start her own shop in the next town. Weeks later she .... (SELL) an additional 10 franchises to family and friends, generating almost $50,000 in revenues. In 1991, she .... (SELL) another 43 to strangers who .... (WILL) to pay $15,000 for the right to use Aunt Ann's cookie recipe.

Review and discussion questions

Who would you believe sells the most bikes in the New Haven, Connecticut area? If you guess Sears, Wal-Mart, or the local store, you are wrong. The honour goes to Chris Zane. To many people, Chris Zane is the epitome of today's manager. Chris wanted to control his own destiny by being his own boss. He understood, too, that being satisfied with any success today could lead to doom tomorrow. The interesting thing was that Chris began this process at the ripe age of twelve. Let us, therefore, consider Zane's cycles.

1. Zane had a lot of faith in his ability to be successful. He knew, though, that to be successful he would have to take some risks. After all, a small bike shop competing against large retailers seemed unlikely to survive, but Chris would not accept failure.
2. How did he do that? For instance, when two main competitors in town offered 90-day warranties on bike sales and repairs, Zane offered a one-year warranty. When they matched him, he raised ante – giving a lifetime guarantee on all transactions at the store.
3. When those two competitors went out of business, he made a deal with the phone company. He agreed to pay the remainder of the two companies' Yellow Pages advertising. Callers of either of two numbers heard not only, "The number you are calling is no longer in service," but also "if you are in need of a bicycle dealer, Zane's cycles will be happy to serve you." By pressing zero, the dealers are automatically transferred to Chris.
4. Although his creativity had boosted sales, Zane recognised that most of his business came from customers who visited the shop, and he wanted them to feel special. Now, while customers browse, they can enjoy free refreshments at his in-store coffee and juice bar. Even the kids have a toy corner so parents can shop at their own pace without being distracted.
5. But an "immediate" sale is not the focus. For example, Chris recognises that some customers feel nickled-and-dimed to death for having to purchase the most mundane things. So Chris does not charge for any item in his store that sells less than $1. If customers need a spare part – a tire valve cap - sales people simply give it to them. The store also gives away a cellular phone so bike riders can keep in touch with others and call for assistance if needed.

6. Zane also believes that any successful business owes its success to the community that supports it. So, for example, when a Connecticut law was passed requiring helmets to be worn by all bicyclers, Zane supported the cause by selling his bike helmets at cost price.

Questions

1. Identify and describe entrepreneurial spirit exhibited by Zane? How has this affected his business?
2. Do you believe that Zane endorses the concept that the “customer is king”? Support your opinion with examples.
3. Is Chris Zane a responsible employer? Does your opinion change when you consider that some of his socially responsible actions have helped him achieve a 700% return on investment? Discuss.

UNIT 6
ON ACCOUNTING IN GENERAL

LEARNING OUTCOMES

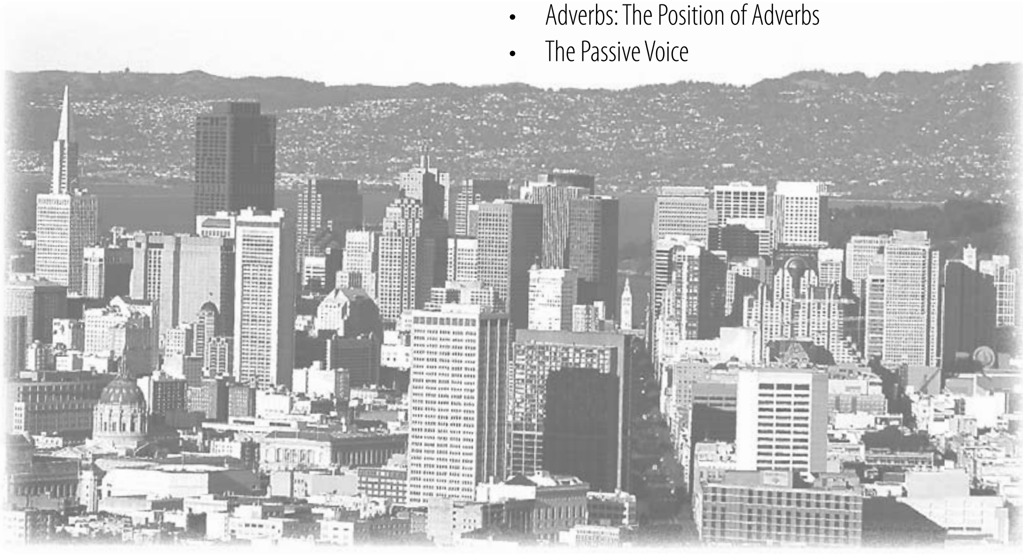
BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Accounting
- Managerial Accounting
- Financial Accounting
- Balance Sheet
- Income Statement
- Statement of Cash Flow

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Study: Related and Easily Confused Words
- Word Formation: Adverbs
- Adverbs: The Position of Adverbs
- The Passive Voice



WHAT IS ACCOUNTING AND WHAT PURPOSES DOES IT SERVE?

The process of identifying, measuring, recording, and communicating economic transactions of an organisation is called **accounting**. It provides information for various purposes. It may be used by the *organisation's managers* to help them plan and control the organisation's operations or by *owners and legislative bodies* to help them appraise the organisation's performance and make decisions as to its future. It may also be used by *owners*, *lenders*, *suppliers*, and *employees* to help them decide how much time or money to devote to the organisation or by governmental bodies to determine how much tax the organisation must pay.

SUBDIVISION OF ACCOUNTING

Accounting can be subdivided into financial accounting and managerial accounting. **Financial accounting** is mainly concerned with reports (typically produced on a quarterly or an annual basis) published for the use of persons outside the organisation - stockholders, creditors, brokers, government officials, and others. **Managerial accounting** is the process of producing reports (typically on a monthly basis) for the use of the management of the organisation in planning and monitoring activities.

THREE FINANCIAL STATEMENTS TYPICALLY GENERATED IN FINANCIAL ACCOUNTING

Three periodic reports typically generated in financial accounting are: the balance sheet or statement of financial position, the income statement, and the statement of cash flows.

THE BALANCE SHEET OR STATEMENT OF FINANCIAL POSITION

A **balance sheet** is a statement of the total assets and liabilities of an organisation at a particular date, usually the last day of the accounting period. Every company prepares a balance sheet once a month, most often at the end of the **calendar year**, beginning on 1 January and ending on 31 December. However, many business and government bodies use **fiscal year**, the year beginning on 6 April in one year and ending on 6 April in the next year.

It consists of three major sections: (1) the **assets**: valuable rights owned by the company; (2) the **liabilities**: the funds that have been provided by outside lenders and other creditors in exchange for the company's promise to make payments or to provide services in the future; and (3) the **owners' equity**: the funds that have been provided by the company's owners or on their behalf.

Therefore, the list of assets shows fixed, current and intangible assets, and the lists of liabilities and the owners' equity indicate where these same resources have come from.

The balance sheet, in other words, shows the company's resources from two points of view, and the following relationship, must always exist:

Total assets	=	***Total liabilities***	+	***Total owners' equity***
$100,000	=	*$40,000*	+	*$60,000*

This same identity is also expressed in another way:

Total assets	-	***Total liabilities***	=	***Total owners' equity***
$100,000	-	*$40,000*	=	*$60,000*

Assets are ordinarily subdivided into fixed, current and intangible assets. **Current assets** include cash and other items such as stocks, bonds, amounts due from customers, etc., that will or can become cash within the following year, and they are always listed first. **Fixed assets** are not expected to be converted into cash and are considered property, land and equipment. **Intangible assets** include the costs of organizing the business, patents, copyrights and trademarks. Least tangible of all but not less valuable is goodwill, which consists mainly of a company's reputation, especially in its relations with customers.

THE INCOME STATEMENT OR PROFIT AND LOSS ACCOUNT

The company uses its assets to produce goods and services. Its success depends on whether it is wise or lucky in the assets it chooses to hold and in the ways it uses these assets to produce goods and services. To measure the company's performance over a certain period of time we use the income statement. The **income statement** is an account in the books of an organisation showing the profits or losses made on its business activities with the deduction of the appropriate expenses over a certain period of time, usually one year.

In other words, it summarises all **revenues** (or sales), the amounts that have been or are to be received from customers for goods and services delivered to them and all **expenses**, the costs that have arisen in generating revenues. It then subtracts expenses from revenues to show the actual profit or loss of a company, a figure known as **net income** or profit.

THE STATEMENT OF CASH FLOW

Companies also prepare the statement of cash flows, which results from operating, investing and financing activities. In other words, **the statement of cash flow** is a statement showing the inflows and outflows of cash for a business over a financial period. **Financial period** refers to a period falling between two successive balance sheets for which financial statements are prepared, normally 12 months, although it may be less.

Unit Summary

This unit has been about the terms, concepts and definitions of accounting, balance sheet, income statement and cash-flow statement. Here are the key points from this unit.

- ***Accounting*** is the process of identifying, measuring, recording, and communicating economic transactions of an organisation, providing information for various purposes.
- ***Assets*** refer to valuable rights owned by the company. They are ordinarily subdivided into fixed, current and intangible assets.
- ***Balance sheet*** or ***statement of financial position*** is a statement of the total assets and liabilities of an organisation at a particular date, usually the last day of the accounting period.

- ***Calendar year***, the year beginning on 1 January and ending on 31 December.
- ***Current assets*** include cash and other items such as stocks, bonds, amounts due from customers, etc., that will or can become cash within the following year, and they are always listed first.
- ***Expenses*** refer to sums of money spent by a company on goods and services that do not become part of a company's assets.
- ***Financial accounting*** is mainly concerned with reports (typically produced on a quarterly or an annual basis) published for the use of persons outside the organisation - stockholders, creditors, brokers, government officials, and others.
- ***Financial period*** refers to a period falling between two successive balance sheets for which financial statements are prepared, normally 12 months, although it may be less.
- ***Fiscal year***, the year beginning on 6 April in one year and ending on 6 April in the next year.
- ***Fixed assets*** are not expected to be converted into cash and are considered property, land and equipment.
- ***Income statement*** is an account in the books of an organisation showing the profits or losses made on its business activities with the deduction of the appropriate expenses over a certain period of time, usually one year.
- ***Intangible assets*** include the costs of organizing the business, patents, copyrights and trademarks. Least tangible of all but not less valuable is goodwill, which consists mainly of a company's reputation, especially in its relations with customers.
- ***Managerial accounting*** is the process of producing reports (typically on a monthly basis) for the use of the management of the organisation in planning and monitoring activities.
- ***Net income*** is the excess of revenues and gains of a business over expenses and losses during a given period of time.
- ***Owners' equity*** refers to the funds of an organisation that have been provided by its owners, i.e. its total assets less its total liabilities.
- ***Revenue*** refers either to money received for sales of goods and services, or to money received by a government for taxes.
- ***Statement of cash flow*** is a statement showing the inflows and outflows of cash for a business over a financial period.

Unit Questions

1. What is accounting and what purposes does it serve?
2. Make the subdivision of accounting.
3. Identify three financial statements typically generated in financial accounting.
4. Describe what is meant by the term balance sheet and identify its three basic sections.
5. Explain the accounting equation basis.
6. Describe what the term income statement means.
7. Define the term statement of cash flow.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *Balance sheet consists of:*

   (a) Three major sections: assets, valuable rights owned by the company, and owners' equity.

   (b) Three major sections: assets, liabilities, and owners' equity.

   (c) Three major sections: assets, the funds provided by inside lenders, and owners' equity.

2. *Managerial accounting is:*

   (a) The process of producing monthly reports for the use of the management of the organisation in planning and monitoring activities an organisation's activities.

   (b) The process of producing reports for the use of the management of the organisation in planning and monitoring activities an organisation's activities.

   (c) The process of producing reports for the use of accountants of the organisation in planning and monitoring an organisation's activities.

3. *Fiscal year refers to:*
    (a) Any inconsecutive 12 months, i.e., the year beginning on 6 April in one year and ending on 6 April in the next year.
    (b) The year beginning on 1 January and ending on 31 December.
    (c) Any consecutive 12 months, i.e., the year beginning on 6 April in one year and ending on 6 April in the next year.

4. *Income statement is:*
    (a) An account in the books of an organisation showing the profits made on its business activities without the deduction of the appropriate expenses over a certain period of time, usually one year.
    (b) An account in the books of an organisation showing the losses made on its business activities over a certain period of time, usually one year.
    (c) An account in the books of an organisation showing the profits or losses made on its business activities with the deduction of the appropriate expenses over a certain period of time, usually one year.

5. *Financial period refers to:*
    (a) A period falling between two balance sheets for which financial statements are prepared, normally 12 months, although it may be less.
    (b) A period falling between two successive balance sheets for which financial statements are prepared, normally 12 months, although it may be less.
    (c) A period falling between two successive balance sheets for which financial statements are prepared, normally more than 12 months, although it may be less.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a)	Current assets	(1)	They are not expected to be converted into cash and are considered property, land and equipment.
(b)	Intangible assets	(2)	It refers either to money received for sales of goods and services, or to money received by a government for taxes.
(c)	Revenue	(3)	It refers to sums of money spent by a company on goods and services that do not become part of a company's assets.
(d)	Expenses	(4)	They include the costs of organizing the business, patents, copyrights and trademarks.
(e)	Fixed assets	(5)	They include cash and other items such as stocks, bonds, amounts due from customers, etc., that will or can become cash within the following year, and they are always listed first.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. The process of identifying, measuring, and recording ***business deals*** of an organisation is called accounting.
2. Accounting may be used by owners and legislative bodies to help them ***assess*** the organisation's performance.
3. Financial accounting ***chiefly deals with*** reports published for the use of persons outside the organisation.
4. Every company prepares a balance sheet ***on a monthly basis***.
5. Assets are ***normally*** subdivided into ***permanent***, ***liquid*** and ***invisible*** assets.
6. Fixed assets are not expected to be ***turned into*** cash and are considered property, land, etc.

7. Least tangible of all but not less valuable is ***the reputation of a business***.
8. The income statement shows the profits or losses made on its business activities with the ***subtraction*** of the appropriate expenses ***during*** a certain period of time, usually one year.
9. The statement of cash flow is a statement showing the ***flow of cash into and out of*** the organisation over a financial period.

(c) **Match the expressions on the left-hand side with the expressions on the right-hand side:**

(a)	To record	(1)	To work, to perform (of an organisation, machine)
(b)	To communicate	(2)	Empowered to make legislation
(c)	Performance	(3)	To sum up, to abstract
(d)	To summarise	(4)	To register, to write down an account of something
(e)	Legislative	(5)	To transmit, to convey information

2. WORD STUDY: RELATED AND EASILY CONFUSED WORDS

(a) **Fill in the missing words by choosing from the below given box.**

value	**valuable**	**valuation**	**valueless**	**valuer**	**evaluate**

1. She was a .... member of the management team.
2. The .... of $250,000 was well below what we expected.
3. The house is being examined by the building society ....
4. The .... of sterling has fallen.
5. These old documents are now completely ....
6. We have to .... the success of the training scheme.

(b) **<u>After reading the below given explanations carefully, complete the sentences with the appropriate forms of the below given words, taking care not to confuse these easily confused words.</u>**

(i) ***Earnings, income,*** and ***revenue***.

EARNINGS - payment received for a work done or from money invested by a person or an organisation.

INCOME - money (in the form of wages or salary) received from work done, or as an (interest) from money invested or (as rent) from property owned.

REVENUE - money received from the sale of goods and services or an amount kept by the government for everyday expenses.

1. Tax is payable on all .... over $2,000.
2. .... are often lower in rural areas.
3. The television company aims to increase its advertising .... by 5% next year.
4. He received compensation for loss of .... after the accident.
5. Cigarette tax is an important source of .... for the government.
6. As a full-time employee she receives an annual .... of $45,000.

(ii) ***Expense***, ***expenses***, and ***expenditure***.

EXPENSE - cost or charge or a cause or occasion of spending.

EXPENSES - sums of money spent by a company on goods and services that do not become part of the company's assets or money spent by an employee while doing his/her job and later paid by the employer.

EXPENDITURE - action of spending money or using time and resources or an amount of money spent.

1. We earn enough to cover our fixed .... but have nothing left to invest in new machinery.
2. His salary will be $2,000 plus ....

3. A car can be a great ....

4. .... on heat and lighting was too high last year.

5. The improvement we made was well worth the ....

6. Updating these machines will increase our .... this year.

3. WORD FORMATION: ADVERBS

- There are seven kinds of adverbs:

1) *of manner*	*e.g.* bravely, quickly, well	5) *of degree*	*e.g.* rather, quite, fairly
2) *of place*	*e.g.* here, there, near, up	6) *interrogative*	*e.g.* when? where? why?
3) *of time*	*e.g.* now, soon, yet, today	7) *relative*	*e.g.* when, where, why
4) *of frequency*	*e.g.* never, often, twice		

- Most adverbs of manner and some adverbs of degree are formed by adding -*ly* to the corresponding adjectives: slow - slow*ly*, immediate - immediate*ly*, scarce - scarce*ly*.
- A final *y* changes to *i*. *E.g.* ga*y* – ga*i*ly.
- When the adjective ends in a consonant + *y* the *y* is changed to *i*.

  E.g. easy – eas*i*ly; happy – happ*i*ly.
- A final *e* is retained.

  E.g. sincer*e* – sincer*e*ly.

  However, there are some exceptions: tru*e* – tru*ly*; whol*e* - who*lly*.
- Adjectives ending in *able*/*ible* drop the final *e* and add *y*.

  E.g. changeabl*e* – changeabl*y*; responsibl*e* – responsibl*y*.
- Adjectives ending in a vowel + *l* follow the usual rule and add –*ly*.

  E.g. fina*l* – final*ly*; wonderfu*l* - wonderful*ly*.

(a) <u>Form adverbs from the below given adjectives by using a suitable suffix.</u>

main	....	official	....
economical	....	ordinary	....
typical	....	wise	....
successful	....	reasonable	....
annual	....	year	....

(b) **Make the below given adverbs negative by using a suitable prefix.**

obediently	....	sufficiently	....
directly	....	reputably	....
tangibly	....	appropriately	....
probably	....	profitably	....
efficiently	....	certainly	....
partially	....	regularly	....

4. THE POSITION OF ADVERBS

- Never put an adverb between the verb and its direct object. *E.g.* She **speaks** English *fluently*.
- If there are several adverbs in a sentence, the usual order in which they follow the verb is: *manner*, *place*, *time*. There are sometimes variations in this order.

  E.g. He **did** his exam *excellently at school yesterday*.

  E.g. *Yesterday* he **did** his exam *excellently at school*.
- In a passive sentence adverbs of manner are usually placed immediately before the past participle.

  E.g. It **was** *generally* **believed** at the time that both men were guilty.
- *Adverbs of manner* are usually placed after the direct object, if there is one, otherwise after the verb.

  E.g. She **sings** songs *beautifully*. *E.g.* She **sings** *beautifully*.
- *Adverbs of place* are usually placed after the direct object, if there is one, otherwise after the verb.

  E.g. You **won't find** such apples *anywhere*. *E.g.* I **looked** *everywhere*.
- *Adverbs of frequency*, however, have more complicated rules:

  (a) They are placed after the simple tenses of *to be*.

  E.g. He **is** *always* on time for board meetings.

  (b) But they are placed before the simple tenses of all other verbs.

  E.g. The accountants *sometimes* **stay up** all night.

  (c) They are placed after the first auxiliary with tenses consisting of more than one verb: I **have** *hardly* **begun**.
- *Adverbs of degree* modify an *adjective* or *another adverb*. They are placed before the adjective or adverb.

  E.g. The manager knew him *quite* **well**.
- *Adverbs of degree* can also modify verbs. *E.g.* The manager said: "I *quite* **understand**."

<u>Put the adverbs or adverbial expressions from the brackets in their proper position.</u>

1. Financial accounting is concerned with reports published for the use of persons outside the organisation. (MAINLY)
2. Our boss spoke to us very (IN THE OFFICE, RUDELY, THIS MORNING)
3. The accounting department had written off all overdue accounts. (SIMPLY)
4. He is the most meticulous and scrupulous accountant in the department. (PROBABLY)
5. My colleague was working (AT HIS OFFICE, VERY HARD, ALL DAY YESTERDAY)
6. We subdivide assets into fixed, current and intangible assets. (ORDINARILY)
7. His superior supervised Tom's work since last January. (CLOSELY)
8. I thought you would regret it. (RATHER)
9. His small accounting business seemed to survive. (UNLIKELY)

5. THE PASSIVE VOICE

- While active means *doing something*, passive means *being acted upon*.
- When we say that a verb is in the active voice, we mean that the subject of the verb is the person or thing that is doing the action referred to in the verb. *E.g.* The accountant *produced* the annual accounts of the organisation.

  (The subject of the verb is the accountant, and it is the accountant who did the annual accounts.)
- If we turn our attention to the annual accounts, the object of the sentence above, we can make the annual accounts the subject of a sentence, by changing the form of the verb. *E.g.* The annual accounts *were produced* by the accountant.

  (We now say that the verb is in the *passive voice*.)
- Therefore, to change from active to passive, we take the *object* and make it the *subject*.
- The passive is always a compound verb, that is, made up of at least two parts: a tense of the verb *to be* and a past participle. In other words, the passive of an active tense is formed by putting the verb *to be* into the same tense as the active verb and adding the past participle of the active verb.

E.g. People *make* cheese from milk.	Cheese *is made* from milk.
They *have made* excellent progress this term.	Excellent progress *has been made* this term.
Jennie *was eating* chocolates.	The chocolates *were eaten* by Jennie.
He *will bring* the suitcase tomorrow.	The suitcase *will be brought* tomorrow.

- The construction with the impersonal ***it*** as subject is preferable to the active form introduced by *people*.

  E.g. ***It*** is assumed that he will receive compensation for loss incurred. (People assume that he …)

- Note that only transitive verbs (which have an object) can be turned into the passive. If we say, for example, "The fog *disappeared* from view", *disappeared* is intransitive and cannot have an object. It cannot be turned into the passive. "It was disappeared from view by the fog" does not make sense.
- Generally speaking, when you use verbs in the active voice, your style will be more vigorous and straightforward. The use of the passive voice tends to make your writing seem indirect and feeble. But the passive can be useful when it is more convenient or interesting to stress the thing done than the doer of it, or when the doer is unknown.

(a) Turn the following sentences into the Passive Voice. The first one has been done for you.

1. A company's balance sheet gives a "snapshot" of its assets and liabilities.

   A "snapshot" of a company's assets and liabilities is given by its balance sheet.

2. Tom's parents owned and operated a large pharmaceutical manufacturing business.

   ....

3. The members of the committee have unveiled the findings of the investigators.

   ....

4. Financial statements give the basic information about financial results.

   ....

5. They were preparing reports all day yesterday.

   ....

(b) Turn the following text into the passive voice.

Mr. Brown runs the Accounting Department of a large company. Unlike other department managers, he is evaluating the work performance of the department on a daily basis. He so does because his department provides information for various purposes. The accounting department helps other department managers in planning and monitoring the company's operations. For example, his department prepares a balance sheet once a month. It also produces income statements measuring the company's performance. This is why Mr. Brown is controlling the efficiency of his staff day after day.

Mr. Brown's company offered Richard Ericson the position of the chief accountant six months ago. And Richard grasped the opportunity to broaden his work experience. He worked very hard. His colleagues said that he was spending all his free time solving problems that no one else wanted to solve. Richard had also shown initiative when he managed to recover a number of overdue accounts that the department had simply written off.

And Mr. Brown noticed his efforts. Moreover, Mr. Brown has closely supervised Richard's work since last September. Consequently, Mr. Brown has given Richard outstanding evaluations over the past six months. As a result, early in February Mr. Brown told Richard that he would promote him to a higher position.

Review and discussion questions

In writing your business plan, not only do you have to describe your company's background and purpose, identify your short- and long-term objectives, provide a thorough market analysis, etc., but also to establish your financial statements.

What is your bottom line? Investors want to know this. In the financial section, you will need to provide projected income statements (profit and loss accounts) for approximately 3 to 5 years. You will also need to include a cash-flow analysis, as well as the company's projected balance sheets. In the financial section, you should also give thought to how much the start-up costs will be as well as to developing financial strategy – how you intend to use funds received from a financial institution and how you will control and monitor the financial well-being of the company.

In fact, a well-prepared business plan can be submitted to a financial institution in its entirety as the basis of why you should get a loan to start your business. Consider the following and try to answer the below given questions.

1. Allen Chao grew up in Taiwan. His parents owned and operated a large pharmaceutical manufacturing business. Their dream was for their son to study pharmacy sciences in the United States and then return home and succeed his father. But along the way, their plans changed. After earning a doctorate from a Purdue University in 1973, Chao chose to work as a researcher for G. D. Searle & Company. After 5 years he was promoted to director of new product and pharmaceutical development. Meanwhile, his parents sold their business and moved to California. In 1983, Chao followed in his parents' footsteps and started his own company, giving it his mother's family name, Hwa, and adding the word "son". Americanizing the name, he called it Watson Pharmaceuticals. His company would specialise in the manufacturing of generic drugs.
2. Allen Chao found that starting a company was difficult. He needed more than $4 million just to set up labs – yet no lenders would invest in him. But Chao was not deterred by setbacks, so he turned to his family and friends in Taiwan – giving almost 90% of the equity in the business in exchange for start-up capital.
3. Chao's strategy was unlike that of most other companies in the generic drug business. Large companies targeted multimillion-dollar markets and high-volume drugs, such as Valium. Instead, he specialised in producing generic equivalents of hard-to-copy medicines. Furthermore, most of Chao's competition sought to compete in the generic markets in which annual sales were $150 million, and they went after named drugs. Chao, on the other hand, chose to go after market segments in which sales rarely exceeded $10 million and where little drug name recognition existed.

4. Has his strategy paid off? You bet! Since introducing its first generic drug in 1985, Watson Pharmaceuticals now has 47 different products available and many of them have no direct competition.
5. In fact, Chao's plan to go after the smaller markets has led Watson Pharmaceuticals to control almost 50% of those markets. His strategy has resulted in annual revenues approaching $600 million and net income exceeding $120 million.

Questions

1. If Chao provided his bottom line, start-up costs, and financial strategy in writing his business plan, why didn't financial institutions grant him a loan to start his own business? Explain your answer.
2. Did Chao act like a small business manager or an entrepreneur when he turned to his friends and relatives to invest in him? What differentiates small business managers from entrepreneurs? Explain your position.
3. In view of Chao's financial strategy, do you agree or disagree with the following statement: "Organisations or persons that fail to plan are planning to fail." Defend your position.
4. By comparing how entrepreneurs and bureaucratic managers approach financial strategy, give your own opinion on this issue.

UNIT 7
WHAT IS MEANT BY LAW?

LEARNING OUTCOMES

BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Law
- Negligence
- Duty of Care
- Damage
- Damages

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Adverbs and Adverbial Phrases
- Adverbs: Comparison
- Word Study: Most
- Nouns and Verbs: Spelling
- Gerund
- Present and Past Tenses
- Articles

WHAT IS MEANT BY THE TERM LAW?

What exactly do we mean by the law? Law is a common word, so common that most people never stop to consider what it means. Even jurists and social scientists find it hard to define the term law. The most common definition of ***the law*** in English legal textbooks is: "**rules** of conduct imposed by a state upon its members and enforced by the courts".

HOW DOES THE LAW AFFECT OUR EVERYDAY LIVES?

Everyone is affected by the law every day. Take ordinary men in their everyday lives. However circumspect in their everyday behaviour, they lapse into carelessness now and then. As Elbert Hubbard, a famous American publisher, expressed it: "Every man is a damn fool for at least five minutes a day. Wisdom consists in not exceeding the limit." Such careless conduct in law is called **negligence**, i.e. failure to do something a reasonable man (an average responsible citizen) would do, or doing something that a reasonable man would not do.

Hence, careless or inconsiderate driving is considered negligence in law, which is usually punished by **fine**. The unprofessional work performance on the part of someone with a special skill, who is expected to show the skill of an average member of his profession, is also considered negligence. Further, a high degree of negligence causing someone's death, which can be regarded as manslaughter, is also considered negligence, i.e. **gross negligence**.

Moreover, every time a visitor enters our home we become legally responsible for his safety. In other words, we have a duty to use due care towards him in order to protect him from unnecessary risk of harm, which duty is called **duty of care**. The duty is owed to those people likely to be affected by the conduct in question. Thus doctors have a duty of care to their patients and users of the highway have a duty of care to all other road users. But there is no general duty to prevent other persons causing **damage** or to rescue persons or property in danger.

Even in the most private and natural parts of our lives, such as birth, marriage and death – the law marks out the limits of our power. A woman may marry the man of her choice – provided that he is not too closely related. A man may play a musical instrument – provided that he does not play it too loudly.

WHAT IS THE PURPOSE OF THE LAW?

In all these ways the law is a framework for the actions of citizens. In its most familiar form it tells us not to do something. The **criminal law** supports these prohibitions by an elaborate system of **penalties**; and **civil law** often has a similar purpose – it compensates the person injured, and so directly discourages negligent conduct.

However, law is more than a network of rules saying "Thou shalt not". It also enables people to do things they wish to do – adopt a child or make a will, for instance. It lays down the requirements for **licences** - a licence to drive a car, for example, or a licence to sell wines or spirits in a restaurant. It governs the dealings between persons in commercial matters. It provides the rules for the relationships between the manufacturers and the people who use their products, between real-estate agents and people who wish to buy or sell houses.

IGNORANCE OF THE LAW IS NO EXCUSE

It is well known that ignorance of the law is no excuse; but in our modern society, where the law touches so many steps of our daily lives, ignorance of the law is also a positive risk – for it often deprives people of their legal rights.

Tenants leave their homes in response to a **notice to quit** - unaware that they may have legal protection. Consumers fail to appreciate that they have legal remedies against the retailer who has sold them defective goods; people injured in accidents refrain from taking proceedings against the person responsible because they do not know that it is possible to get **damages** for pain and suffering.

Knowledge of the law, therefore, is not an agreeable social and intellectual advantage. Knowledge of the law is the way in which we can safeguard ourselves, our families and our possessions, by assuring ourselves of the rights and **remedies** which the legal system provides.

Unit Summary

This unit has been about the terms, concepts and definitions of the law, rule, negligence, duty of care, criminal law, civil law, remedy, etc. Here are the key points from this unit.

- ***Civil law*** is that part of the law primarily concerned with the rights and duties of individuals towards each other, i.e., with such aspects of relationships between individuals that are of no direct concern to the state.

- ***Criminal law*** is that part of the law that is concerned with the punishment of offences (against the person, property and the state) defined as crimes by the law.
- ***Damage*** refers to harm done to things.
- ***Damages*** refer to money which is paid to someone by a person or organisation that has been responsible for causing them some injury or loss.
- ***Duty of care*** is a duty to use due care towards others in order to protect them from unnecessary risk of harm. But there is no general duty to prevent other persons causing damage or to rescue persons or property in danger.
- ***Fine*** is a sum of money that an offender is ordered to pay on conviction.
- ***Gross negligence*** is a high degree of negligence, manifested in conduct substantially worse than that of the average reasonable man.
- ***Law*** refers to the rules of conduct imposed by a state upon its members and enforced by the courts.
- ***Licence*** refers to formal authority to do something that would otherwise be unlawful.
- ***Negligence*** is a failure to do something a reasonable man (an average responsible citizen) would do, or doing something that a reasonable man would not do.
- ***Notice to quit*** is the formal notification from a landlord to a tenant (or vice versa) terminating the tenancy on a specified date.
- ***Penalty*** is a punishment for crime, which must be clearly stated before it can be enforced.
- ***Remedy (redress, relief)*** refers to any of the methods available at law for the enforcement, protection, or recovery of rights or for obtaining redress for their infringement.
- ***Rule*** is a prescribed guide for conduct or action.

Unit Questions

1. Explain what the term law means.
2. In what way does the law affect our everyday lives?
3. Define the term negligence.
4. Explain what is meant by the term duty of care.
5. State the purpose of law.
6. Explain why ignorance of the law is no excuse.

Multi-choice questions

Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).

1. *The most common definition of "the law" is:*
   (a) Rules of conduct imposed by a state upon its members and enforced by the courts.
   (b) Rules of conduct imposed by the courts upon its members and enforced by a state.
   (c) Rules of conduct enforced by a state upon its members and imposed by the courts.

2. *Civil law:*
   (a) Compensates the negligent person, and so directly discourages negligent conduct.
   (b) Compensates the person injured, and so directly discourages negligent conduct.
   (c) Compensates the person injured, and so directly encourages negligent conduct.

3. *Ignorance of the law is also a positive risk:*
   (a) Because it never deprives people of their legal rights.
   (b) Because it often deprives people of their legal rights.
   (c) Because it often safeguards people's legal rights.

4. *Tenants leave their homes in response to a notice to quit:*
   (a) Aware that they may have legal protection against landlords.
   (b) Unaware that they may have legal protection against other tenants.
   (c) Unaware that they may have legal protection against landlords.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Penalty	(1) It refers to any of the methods available at law for the enforcement, protection, or recovery of rights or for obtaining redress for their infringement.
(b) Duty of care	(2) It is a prescribed guide for conduct or action.
(c) Remedy	(3) It is the formal notification from a landlord to a tenant (or vice versa) terminating the tenancy on a specified date.
(d) Rule	(4) It is a punishment for crime, which must be clearly stated before it can be enforced.
(e) Notice to quit	(5) It refers to the legal obligation to take reasonable care to avoid causing damage. But there is no general duty to prevent other persons causing damage or to rescue persons or property in danger.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. Everyone is ***influenced*** by the law every day.
2. However ***cautious*** in their everyday behaviour, they lapse into carelessness ***once in a while***.
3. Even in the most private parts of our lives, the law ***limits*** the ***extent*** of our power.
4. A woman may marry the man of her choice – ***on condition that*** he is not too closely related.
5. Civil law often has a similar purpose – it ***makes restitution for injury caused to the person***, and so directly discourages negligent conduct.
6. Ignorance of the law is also a positive risk – for it often ***divests*** people ***of*** their legal rights.
7. Consumers fail to ***understand*** that they have legal remedies against the retailer who has sold them ***faulty goods***.

8. People injured in accidents ***avoid*** taking proceedings ***against*** the person responsible.
9. They refrain from ***bringing actions*** because they do not know that it is possible to get ***compensation in money*** for pain and suffering.

(c) Match the expressions on the left-hand side with the expressions on the right-hand side:

(a) To enforce	(1) Carelessness or inattention
(b) To lapse into	(2) Certain or definite
(c) Negligence	(3) To fall into fault or error
(d) Positive	(4) A crime or an illegal act
(e) Offence	(5) To compel observance of a law, etc.

(d) Fill in the missing words by choosing from the below given box.

lawful	**tenant**	**damages**	**legal rights**
damage	**real estate agent**	**legal**	

1. Not all forms of .... give rise to a right of action.
2. .... is a person whose business is to sell or offer for sale real estates for others, or to rent stores, houses, or to collect rent for others.
3. .... resulting from a seller's breach of contract entitle the injured party to full compensation for his losses.
4. To say of an act that it is .... implies that it is authorised, sanctioned or at any rate not forbidden by law, such as lawful damages, fixed and ascertained in the court of law.
5. .... are rights existing as a result of contract, and rights created and recognised by law.
6. A contract executed with the required formalities is said to be valid or ...., while that executed without the required formalities is said to be invalid or illegal.
7. A person who holds or possesses property by any kind of right, whether in fee, for life, for years at will or otherwise is a ....

2. ADVERBS AND ADVERBIAL PHRASES

- Adverbs such as *high, low, deep, near, hard, late* have two forms: one corresponding to that of the adjective and the other ending in *ly*, in which case the forms *highly, lowly, deeply, nearly, hardly, lately* have a narrower meaning than their corresponding adjectives.

  E.g: Their cottage is *high* up in the mountain, but I was *highly* pleased when they invited me.

- *Warmly, hotly, coldly, presently, shortly, scarcely* and *barely* also differ in meaning from their corresponding adjectives.

(a) <u>Replace the words in italics with the adverbs which have the same meaning.</u>

1. Because of his skills he was placed *in a key position*.
2. We had *only just* reached the court building when it started raining.
3. All who knew him spoke *well of* him.
4. She was *almost* ninety when her first book was published.
5. His feelings were *very much* hurt by her attitude.
6. She welcomed me *in a friendly way*.
7. He denied the accusation *with indignation*.
8. We received them *in an unfriendly way*.

(b) <u>Replace the words in italics with the adverbial phrases given below.</u>

once for all	**before long**	**at all**	**at length**
again and again	**over again**		

1. He never was in debt *in any way*.
2. They *repeatedly* break the law.
3. It is better that the controversy between the landlords and the tenants should be fought *finally*.
4. The lawyer said that he must begin the whole business *once again*.
5. I haven't the time to go into the story *in depth* just now.
6. We should have news of the proceeding *fairly soon*.

3. ADVERBS: COMPARISON

- One-syllable adverbs form their comparative and superlative by adding *-er* and *-est* to the Positive degree: fast → fast*er* → fast*est*; near → hard*er* → hard*est*; high → high*er* → high*est*.
- Adverbs of two or more syllables form their comparative and superlative by putting *more* and *most* before the positive: quickly → *more* quickly → *most quickly*; friendly → *more* friendly → *most* friendly.
- There are also a few adverbs with irregular forms of comparison: *well* → better → best; *badly* → worse → worst; *much* → more → most; *little* → less → least; *far* → farther/further → fartherest/furtherest; *late* → later → last.
- With the Positive degree we use *as ... as* in the affirmative and *not ... as/so* in the negative.

  E.g. They work *as* hard *as* possible.

  He did not run *as/so* fast *as* his friend.
- With the Comparative degree we use *than*.

  E.g. Women work harder *than* men and yet they are paid less.
- With the Superlative degree it is possible to use *of* + noun.

  E.g. He works the hardest *of* the researchers.
- However, this construction would normally be expressed by a comparative.

  E.g. He works harder than the other researchers.

<u>Write a new sentences with the same meaning. The first one has been done for you.</u>

1. Tom works hard, but his wife works harder.

   He doesn't work *as hard as she does*.
2. I took the divorce hard, but my wife took it harder.

   I didn't take it ....
3. I run faster than you do.

   You don't ....
4. The hearing didn't last as long as I expected.

   The hearing lasted ....
5. I go out less than I used to.

   I don't ....
6. We walked quickly to get there before them.

   But they ....

4. WORD STUDY: MOST

- We say *most* people/*most* lawyers, etc. (not the most) when we are talking about things or people in general.

    E.g. *Most* people are right-handed. (most + noun)

- Also, we use *most of* + *the /this/that/these/those*, etc. So you can say *most of the people* (but not *most of people*).
- It can also be used *without* a noun.

    E.g. A few workers stayed, but *most* (of them) went home.

- As has already been mentioned, *the most* is normally used before a superlative.

    E.g. *the most* beautiful, *the most frequent*.

- When used as a noun, it denotes the greatest quantity or number of instances.

    E.g. She has *the most* to gain.

- When used with an indefinite article, it means *very*.

    E.g. It was *a most* puzzling case. (very)

- In the idiomatic expression *at the most*, it means *at the maximum*.

    E.g. We saw him for ten minutes *at the most*.

Use the below given words to complete the sentences.

most	**the most**	**a most**	**most of**	**at the most**

1. A few of the shops are open on Sunday, but .... are closed.
2. What .... annoyed me was their winning by a majority vote.
3. .... people are ignorant of the law.
4. My lawyer said that it was .... he could do to win the case.
5. It is .... impressive hearing.
6. People are .... often deprived of their legal rights because their knowledge of law is little.
7. .... those injured people were compensated for the harm done.
8. While he was serving his prison sentence we saw him three times ....
9. He is .... responsible of all for failing to exercise a duty of care to his patients.

5. NOUNS AND VERBS: SPELLING

- **Practice and practise**
  Practice is a noun. *E.g.* The doctor sold his *practice*.
  Practise is a verb. *E.g.* The doctor began *to practise* in 1960.
- Exactly the same principle appears in other pairs:
  licence (noun) I keep my driving *licence* in my car.
  license (verb) The shop *is licensed* to sell tobacco.
  advice (noun) Please give me some *advice*.
  advise (verb) I asked my accountant *to advise* me.
  device (noun) The smart *device* opens the door automatically.
  devise (verb) We *must devise* a means of shutting it.

Insert *c* or *s* in their places. The first one has been done for you.

1. Please do not practi*s*e your tricks on me.
2. I advi......e you all to do this exercise carefully.
3. She holds no licen......e to supply spirits.
4. You should practi......e what you preach.
5. Nobody's advi......e is welcome to the man who has made up his mind.
6. It would be useful if we could devi......e a fool-proof spelling system.

6. GERUND

- The words *climbing*, *eating*, *talking*, *swimming* are partly verbs. But they are also partly nouns. All these words that are partly a verb and partly a noun and end in *–ing* are *verbal nouns* or *gerunds*.

  The gerund can be used:

  (a) As subject of a sentence. Although either infinitive or gerund can be the subject of a sentence, when we use the gerund as the subject of a sentence, it usually implies that the speaker or the person addressed has had personal experience of the action, having performed it himself probably more than once.

  E.g. *Reading* stories is easier than *writing* them.

  E.g. It is easier *to read* stories than *to write* them.

  (b) After prepositions. When the verb is placed immediately after a preposition the gerund form must be used.

  E.g. He is good *at* writing stories.

  E.g. *After* reading the story he tried to write one himself.

(c) After certain verbs the gerund must be used: stop, finish, dread, detest, enjoy prevent, avoid, risk, admit, deny, resent, delay, postpone, excuse, suggest, imagine, forgive, understand, mind, consider, resist, save, etc.

E.g. My lawyer *suggested* waiting till next week.

E.g. I *stopped* trying to write a novel.

E.g. The accused *denied* having seen him.

(d) Either gerund or infinitive can be used after the following verbs: begin, start, continue, attempt, need, intend, love, like, hate, prefer, remember, regret, permit, allow, advise, recommend, try, propose, etc.

E.g. I continued *talking* after his interruption.

E.g. I continued *to talk* after his interruption.

(e) After possessive adjectives.

E.g. Excuse *my* coming late.

E.g. I understand *his* being angry with the court decision.

(a) Complete the sentences so that they mean the same as the first sentence. Use –*ing*. The first one has been done for you.

1. I can sue you and you can't stop me.
   You *can't stop me suing you* .
2. It is not a good idea to take proceedings against the person responsible at the moment.
   It is better to avoid ....
3. The accused said that he had not sold faulty goods.
   The accused denied ....
4. Shall we bring the decision next week instead of this week?
   Shall we postpone .... ?
5. My friend asked me to go out with her but I wasn't enthusiastic about it.
   I didn't fancy.................................... .

(b) **<u>Complete each sentence with one of the following verbs (in the correct form). The first one has been done for you.</u>**

call ***yawn*** ***apply*** ***forget***

1. He is a very wise man. I always enjoy ....*listening*.......... to him.
2. It was a very boring meeting. I couldn't stop ....
3. My memory is getting worse. I keep .... things.
4. She tried to avoid .... her lawyer after the automobile accident.
5. I was offered a more exciting job, so I considered .... for it.

7. PRESENT AND PAST TENSES

<u>Fill in the blank spaces in the text with correct verb forms.</u>

I .... (WANT) to organise under five simple verbs my own reasons for .... (THINK) that the death penalty .... (BE) a bad thing. If we catch a man who has committed a murder, ... (TRY) him and ....(CONVICT) him, we have to do something more with him than .... (PUNISH) him. I think that the whole theory of what ought to be done to a convicted murderer .... (CAN SUM UP) in five verbs: prevent, reform, research, deter and avenge.

The first .... (BE) *prevent*. By this I mean preventing the same man from .... (DO) it again. The second verb *reform* .... (BE) rather a 19th century word and perhaps we now .... (SAY) rehabilitate, stressing more helping of a man with his social functions rather than adjusting his internal character. The next word is *research*. This is not part of the traditional idea what .... (DO) with a convicted murderer. It is rather a new notion that it may be an appropriate purpose in .... (DETAIN) a criminal and .... (INFLICT) punishment and other things upon him that research could be conducted into the criminal personality and the causes of crime. The fourth word *deter*, ... (BE) the crux of the whole thing. It is quite obvious that the death penalty is not a uniquely effective deterrent against murder. The last one on the list of my five verbs is *avenge*. Here the death peanlty is uniquely effective. If a man .... (TAKE) life, the most effective, obvious and satisfying form of vengeance .... (BE) to take his life. This is why I hope that those who wish .... (RETAIN) the death penalty .... (ADMIT) that its only merit is precisely that of vengeance.

8. ARTICLES

<u>Fill in the blank with the appropriate article or leave it blank to indicate that no article is necessary</u>.

Dennis has only pled that .... police responded to .... call for aid or assistance. .... mere response to .... call for aid does not create .... special relationship between .... police and .... person in need of .... aid. In *Yates*, ... Yates family called .... police to break up .... gang fight behind their home. .... police arrived, but instead of stopping .... fight, they remained in their car. After .... car departed, ... shot was fired at .... rear of the Yates' house which struck and killed their daughter. This court refused to find .... special relationship where " .... police did not assure .... Yates family that they would protect them from .... dangers caused by .... gang fight .... "

In *Rankin*, ... plaintiff was stabbed on .... local Philadelphia train. .... plaintiff alleged that .... police officer witnessed .... stabbing and failed to prevent it. He further alleged that .... officer escorted him from .... train, told him to sit down on .... bench, and told him he would be "alright". .... plaintiff subsequently passed out and was left on .... bench without ……. medical attention for some hours. This court concluded that .... special relationship existed because .... three elements of .... *Thomas* test were met. We inferred that .... third element was met by allegation that .... police escorted .... plaintiff from .... train, seated him, and reassured him.

In .... case before us, there are simply no facts pled from which we can make such .... inference. Without .... third element of .... voluntary assumption by .... officer in this case to protect .... decedent, there can be no special relationship, no duty, and hence no liability.

Review and discussion questions

Is there a duty to aid? Consider the following hypothetical and determine the prevailing rule of law in this jurisdiction. Then, apply the rule to determine who has the duty to aid Mr. Walker.

1. Ms Molly Nice works as a crossing guard at the corner of Forbes and Murray Avenues in Pittsburgh, Pennsylvania. As a crossing guard, Ms Nice helps pedestrians cross the street, when the light permits it. Wearing bright and reflective clothing, she stands in the centre of the intersection to stop any approaching traffic. All drivers know to stop when a crossing guard steps into the intersection. Ms Nice is not authorised to stop traffic when the traffic lights otherwise permit traffic in the intersection.
2. On many occasions Ms Nice has observed Jay Walker crossing the street against the traffic light and, in Ms Nice opinion, risking injury. Ms Nice has sternly reprimanded Mr Walker and instructed him to only cross the street when the light permits it. On April 5, Mr Walker was at the corner of Forbes and Murray Avenues, running to catch a bus. He ran across the street against the light. As usual, Ms Nice called out to Mr Walker not to cross the street. Ms Nice saw a car about to turn the corner, risking injury to Mr Walker; however, Ms Nice did not stop the car. The car hit Mr Walker and knocked him to the ground.
3. Marlon Kramer, the driver of the car was upset and shaken but managed to call 911 on his cellular phone. The crossing guard walked over and reminded Mr Walker that this was the risk that Ms Nice warned him about every day. Dr. Shaddy, a pedestrian, stopped to view the scene of the accident but offered no assistance, even though he carried his medical bag with him. In a nearby coffee-shop, two police officers saw a crowd gathering but decided to finish their coffee and donuts before looking into the disturbance.

Questions

1. Did Ms Nice have a duty to aid or not? What do you think about the conduct of Dr. Shaddy and two police officers? What would have you done? Explain and defend your position.

2. Consider the following and say who is responsible. Is duty of care or negligence involved? Explain.

   (a) **A** owns a farm which includes within its boundaries an orchard and a lake. **B** and his seven-year old daughter enter the farm at night to steal apples from the orchard. In order to get to the orchard **B** and the child cross a bridge over the lake, on which there is a notice saying: "Dangerous bridge – trespassers will be prosecuted." The bridge collapses and **B** and the child are injured and nearly drowned.

   (b) On a dark night, a car without lights collides with another car coming in the opposite direction on the wrong side of the road.

   (c) A taxi-driver was backing his car into a narrow street and did not observe the presence of a little boy on a tricycle. He ran over the tricycle, but the little boy had jumped off in time and was running home when the boy's mother, hearing the commotion in the street looked out of her window and saw the car just crushing the tricycle. Believing that her son had been injured she suffered a serious shock and was ill for a long time.

3. State and explain your opinion on the following statement: "An act makes no man guilty, unless the intention was guilty." (*Actus non reum facit nisi mens sit rea.*)

4 What is the law?

5. What should the law be?

6. What is the law on the duty to aid in your country?

UNIT 8
COMMON LAW vs. CIVIL LAW

LEARNING OUTCOMES

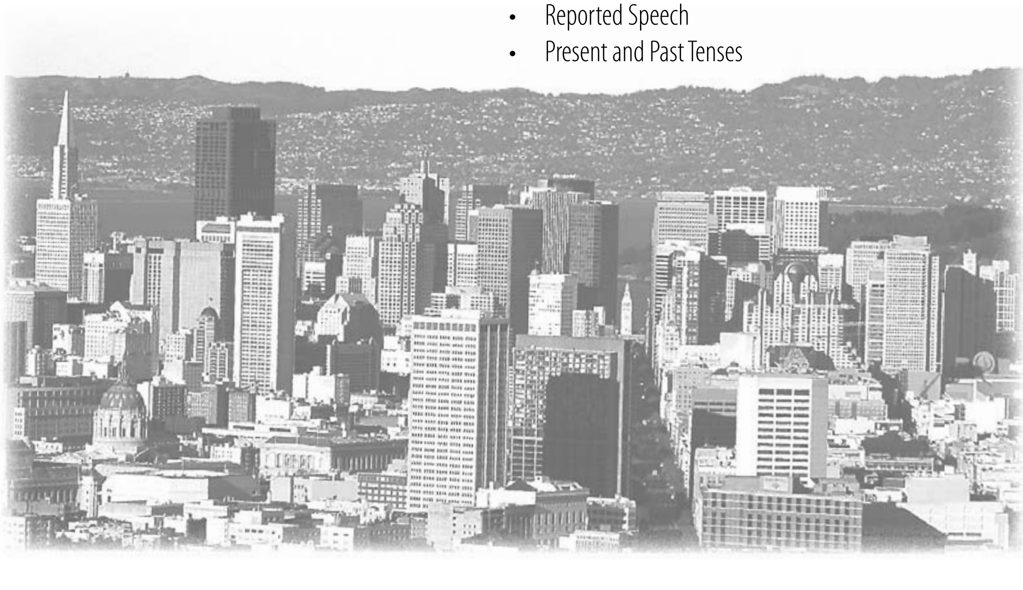
BUSINESS VOCABULARY OUTCOMES

Topic Areas

- Two Major Western Systems of Law:
- Anglo-American system and civil-law system
- Common Law
- Equity
- Statute Law
- Civil Law
- Defamation: Libel and Slander

VOCABULARY BUILDING AND GRAMMAR OUTCOMES

- Consolidation of the Previously Acquired Vocabulary
- Acquisition of Technical Vocabulary
- Word Formation: Adjectives
- Adverbs: Position of Adverbs
- Articles
- Reported Speech
- Present and Past Tenses



TWO MAJOR WESTERN SYSTEMS OF LAW

The two major Western systems of law that have become dominant in the industrialised world are the **Anglo-American system**, derived from the English common law, and the **civil-law system**, which was developed on the European continent on the basis of Roman law.

COMMON LAW

Common law, which is a native product of Britain, means ancient customs, judicial **precedents** and enacted laws, and it is so called because it was made common to the whole of England and Wales after the Norman Conquest in 1066. In other words, a part of the law in England, created by the court and developed through the creation of precedents is called common law. From this has evolved the type of legal system now found also in the United States and in most of the member states of the **Commonwealth of Nations.**

Common law stands in contrast to rules developed by the separate acts of **equity** and to statute law. Equity is the body of law originally formulated and developed by the Lord Chancellor and the Court of Chancery. The purpose of equity was to add or supplement common-law rules in cases in which these were too rigid to give justice. These two parallel systems of justice exist side by side in English law and since 1873 they have been administered by the same court, the High Court of Justice. Though, equity is now almost indistinguishably woven into the fabric of English law. On the other hand, **statute law** refers to the acts of legislative bodies.

The division between public and private law is considered very important in English common law. Broadly speaking, **private law** comprises those areas of law involving private citizens, while **public law** is that area in which the state has a direct interest. Thus public law is generally taken to consist of **administrative** and **constitutional law.** Revenue law and criminal law might be added to this. But still there remains some ambiguity, as for example in the case of an ordinary civil action (breach of contract) against a public authority.

Other main divisions of law, such as civil-criminal, internal-international, substantial and adjectival, have found their place in English legal theory as well.

CIVIL LAW

Civil law, also called Romano-Germanic law, is the law of continental Europe, based on an admixture of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law. European civil law has been adopted in much of Latin America as well as in parts of Asia and Africa and is to be distinguished from the common law of the Anglo-American countries.

However, the legal system of some countries, such as Scotland, South Africa, and Sri Lanka, combines civil-law and common-law elements. The term civil law is also employed to distinguish those legal codes that deal with civil relationships (such as citizenship, marriage, and divorce) from other codes such as those dealing with criminal law.

FURTHER DIFFERENCES BETWEEN COMMON LAW AND CIVIL LAW

Further differences derive from the fact that the codes of civil law and court procedures vary widely, but in general are distinguished from common law in several ways. In civil law, judicial interpretations are based primarily on a system of written law, rather than on the rule of precedent emphasised in common law. Therefore, instead of referring to statutory principles, common-law judges focus more on the facts of the particular case to arrive at a fair result for the litigants. As the number of judicial decisions accumulate on a particular kind of dispute, general rules or judicial precedents emerge and become guidelines for judges deciding similar cases in the future.

Unit Summary

This unit has been about the terms, concepts and definitions of the two major Western systems of law, common law, civil law, equity, statute law, precedents, etc. Here are the key points from this unit.

- ***Administrative law*** is the body of law which deals with the powers of the executive or administrative organs of the state, relating particularly to their legislative and judiciary powers.

- ***Civil law system***, also called Romano-Germanic law, is the law of continental Europe, based on an admixture of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law. (*cf.* civil law in Unit 7)
- ***Common law*** is a part of the law in England, created by the court and developed through the creation of precedents.
- ***Commonwealth of Nations*** is a free association consisting of the UK and many of its former colonies or dependencies (e.g. protectorates) that have attained full independence and are recognised by international law as separate countries. They have chosen to maintain ties of friendship and practical co-operation. Also, they acknowledge the British monarch as symbolic head of their association.
- ***Constitutional law*** is that area of law that deals with the interpretation and construction of constitutions or with the nature and organisation of government, its sovereign power, and their distribution and mode of exercise, and the relation of government to the citizen.
- ***Equity*** is the body of law originally formulated and developed by the Lord Chancellor and the Court of Chancery. The purpose of equity was to add or supplement common-law rules in cases in which these were too rigid to give justice.
- ***Precedent*** is a judgment or decision of a court, normally recorded in a law report, used as authority for reaching the same decision in subsequent cases.
- ***Private law*** is that area of law that treats private matters, involving private persons, property, relationships, and excluding those matters treated in public law.
- ***Public law*** is that area of law that adjusts the relations of individuals with the state and regulates the organisation and conduct of the machinery of government. It consists of administrative and constitutional law, to which might be added revenue law and criminal law.
- ***Statute law*** is set out in statutes, voted by the Parliament, and approved by the Monarch.
- ***Two major Western systems of law*** comprise ANGLO-AMERICAN SYSTEM, derived from the English common law, and CIVIL-LAW SYSTEM, developed on the European continent on the basis of Roman law.

Unit Questions

1. Identify two major Western systems of law.
2. Define common law.
3. What does common law stand in contrast to?
4. Identify two parallel systems of justice that exist side by side in English law.
5. State and explain the main division of law in English common law.
6. Identify other main divisions of law.
7. Define civil law or Romano-Germanic law.
8. What is the term civil law also employed to distinguish?
9. Define further differences between common law and civil law.

Multi-choice questions

(a) <u>Use these questions to check your understanding of the unit. For each question there is only one right answer, either (a) (b) or (c).</u>

1. *Common law refers to:*
   - (a) Ancient customs, judicial precedents and enacted laws, and it is so called because it was made common to the whole of England and Wales after the Norman Conquest in 1066.
   - (b) A part of the law in England created by ancient customs and developed through the creation of precedents, and it is so called because it was made common to the whole of England and Wales after the Norman Conquest in 1066.
   - (c) A native product of England, which refers to judicial precedents, and it is so called because it was made common to the whole of England and Wales after the Norman Conquest in 1066.

2. *Common law stands in contrast to:*
   - (a) Anglo-American system, derived from the English common law.
   - (b) Rules developed by the separate acts of equity and to statute law.
   - (c) Civil-law system developed on the European continent on the basis of Roman law.

3. *Private law comprises:*
   (a) Those areas of law involving private citizens, in which the state has a direct interest.
   (b) Those areas of law involving private citizens, including those matters treated in public law.
   (c) Those areas of law involving private citizens, in which the state has no direct interest.

4. *Civil law is:*
   (a) The law of continental Europe, based on an admixture of English common law, Roman, Germanic, ecclesiastical, feudal, commercial, and customary law.
   (b) The law of Scotland, South Africa, and Sri Lanka, based on an admixture of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law.
   (c) The law of continental Europe, based on an admixture of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law.

5. *In civil law, judicial interpretations are based on:*
   (a) A system of written law.
   (b) A system of unwritten law.
   (c) A system based on the rule of precedent.

Vocabulary and grammar outcomes

1. DEFINING AND REPHRASING THE TERM

(a) <u>Match the terms on the left-hand side with the definitions on the right-hand side.</u>

(a) Precedent	(1) The body of law originally formulated and developed by the Lord Chancellor and the Court of Chancery, the purpose of which was to add or supplement common-law rules in cases in which these were too rigid to give justice.
(b) Administrative law	(2) It is set out in statutes, voted by the Parliament, and approved by the Monarch.
(c) Constitutional law	(3) The body of law which deals with the powers of the executive or administrative organs of the state, relating particularly to their legislative and judiciary powers.
(d) Statute law	(4) That area of law that deals with the interpretation and construction of constitutions or with the nature and organisation of government, its sovereign power, and their distribution and mode of exercise, and the relation of government to the citizen.
(e) Equity	(5) A judgment or decision of a court, normally recorded in a law report, used as authority for reaching the same decision in subsequent cases.

(b) <u>Replace the expressions in italics with expressions from the text which have the same meaning.</u>

1. Anglo-American system ***originates from*** the English common law.
2. Common law, a ***product inherent to*** Britain, means ***old*** customs, judicial precedents and ***enactments***.

3. Common law stands ***in opposition to*** rules developed by the separate acts of equity and to statute law.
4. The ***intent*** of equity was to add or ***complement*** common-law rules in cases in which these were too ***stiff*** to give justice.
5. Equity is now almost indistinguishably ***interwoven into*** the fabric of English law.
6. Civil law is based on a ***mixture*** of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law.
7. European civil law has been ***accepted*** in ***many countries of*** Latin America, as well as in parts of Asia and Africa.
8. Civil law is to be ***differentiated from*** the common law of the Anglo-American countries.
9. Further ***distinctions*** derive from the fact that the codes of civil law and court procedures ***differ extensively***.

(c) <u>Match the expressions on the left-hand side with the expressions on the right-hand side:</u>

(a)	Major	(1)	Essential structure or framework
(b)	To evolve	(2)	Something of doubtful meaning or vagueness
(c)	To give justice	(3)	A principle or criterion guiding or directing action
(d)	To breach	(4)	Difference in opinion or argument
(e)	To emphasise	(5)	Main, chief, important
(f)	Fabric	(6)	A party to a lawsuit
(g)	Ambiguity	(7)	To grant claims or to give every man his due
(h)	Side by side	(8)	To stress or to accentuate
(i)	Dispute	(9)	To break or to violate
(j)	Fair	(10)	Hand in hand or arm in arm
(k)	Guideline	(11)	To develop gradually
(l)	Litigant	(12)	Just or equitable

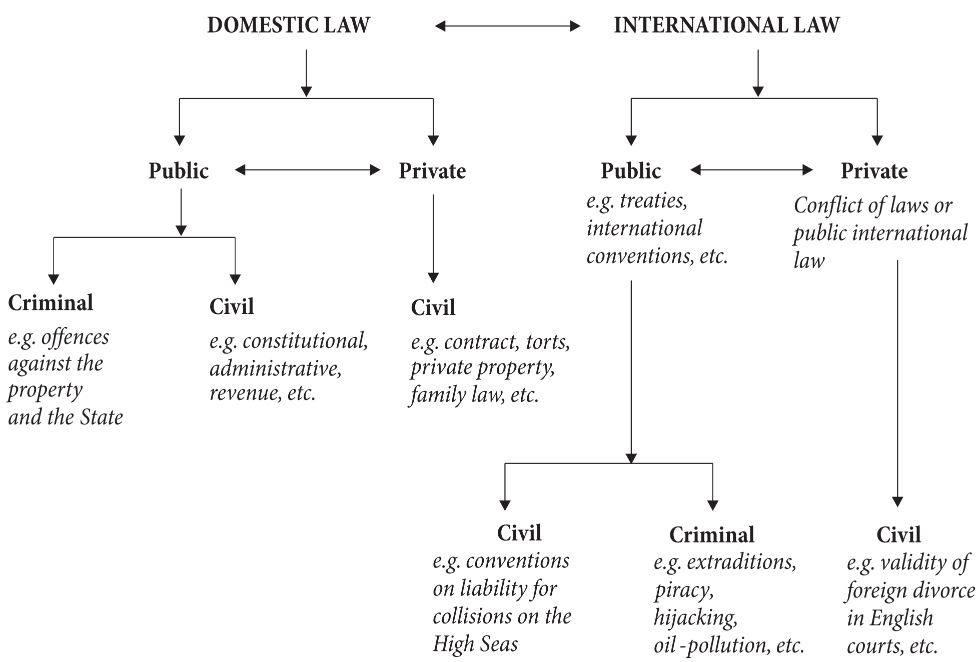
(d) Use the below given table to complete the following passage.

TYPE OF LAW	DEFINITIONS
Common law	created by the court
	developed through the creation of precedents
Statute law	set out in statutes voted by the Parliament
	approved by the Monarch

A part of law in England, created by the .... and developed through the creation of .... is called .... law. The other part is .... law, set out in statutes voted by the .... and approved by the ....

(e) Look at the chart below and fill in the blanks in the text below.

PRINCIPAL CATEGORIES OF LAW IN ENGLISH LEGAL THEORY



1. .... or internal law is the law of a state regulating its domestic affairs as opposed to that regulating its foreign affairs.
2. Public law is that area in which the state has a direct interest and consists of ....
3. .... deals with the powers of the executive or administrative organs of the state.
4. .... deals with the interpretation and construction of constitutions, or with the organisation of government its sovereign power, distribution and mode of exercise, and the relation of government to the citizen.
5. ....is the part of law concerned with income and taxes.
6. ....is the area of law concerned with the punishment and offences defined as crimes by the law.
7. Private law treats private matters, involving private persons, ...
8. .... is a body of rules that control the rights of states in their relations with each other and of individuals in their relations to foreign states and with each other.
9. ....or public international law comprises the rights and duties of of the citizens of different states towards each other.

2. WORD FORMATION: ADJECTIVES

- Suffix –*ly* combines with nouns and occasionally adjectives to form new adjectives. Adjectives formed in this way describe things or people that have the qualities or characteristics which are typical of the original nouns and adjectives. For example, if someone is *lively*, they are very active, enthusiastic, and cheerful; if someone is *friendly*, they behave in a pleasant and kind way as if they are or would like to be your friend. *E.g.* They are bright, alert and *lively*.
- Here is a list of words with this meaning: *brotherly, costly, deadly, earthly, easterly, elderly, fatherly, friendly, heavenly, kindly, leisurely, lively, lonely, lovely, lowly, manly, motherly, northerly, orderly, saintly, shapely, sickly, sisterly, southerly, westerly, womanly, worldly*.

- A final *y* is replaced by *i* before adding *–er* and *–est* to form the comparative and superlative forms of these adjectives. For more information, see *Adjectives: comparison and constructions with comparison, Unit 2.*

  E.g. The officer guarding me was one of the *friendlier* ones.
- Here is a list of comparative and superlative adjectives: *costlier, costliest, friendlier, friendliest, kindlier, kindliest, livelier, liveliest, lonelier, loneliest, lovelier, loveliest, lowlier, lowliest, sicklier, sickliest.*

(a) The following suffixes combine with nouns and adjectives to form other adjectives.

-able -al -ary -ful -ish -ive -like -ly -ous -y

Look at the nouns or adjective printed in bold and write down the appropriate adjective in the space provided. The first one has been done for you.

1. The time seemed to stretch out in a ......*dreamlike*...... manner. **dream**
2. A treaty was negotiated to reduce the risk of .... nuclear war. **accident**
3. She spent all her money on .... little knick-knacks. **fool**
4. It was a shocking and .... story. **shame**
5. The table was .... with cigarette ashes. **dust**
6. Accidents caused by inconsiderate driving are .... **avoid**
7. His action was not meant to be insulting but .... **compliment**
8. Most tinned fruits contain .... amounts of sugar. **excess**
9. They were beautiful, ... people. **love**
10. Little knowledge is a .... thing. **danger**

(b) Make the below given adjectives negative by using a suitable prefix.

satisfied	....	fair	....
convenient	....	precedented	....
effective	....	judicious	....
just	....	distinguishable	....
civil	....	disputable	....
defendable	....	respectful	....

(c) **<u>Match each Latin prefix on the left-hand side with its closest English meaning on the right-hand side, and give at least two adjectives that use these prefixes.</u>**

1.	*co-*	(a)	in favour of
2.	*pro-*	(b)	former
3.	*pre-*	(c)	together with
4.	*ex-*	(d)	after
5.	*sub-*	(e)	half
6.	*inter-*	(f)	beneath
7.	*counter-*	(g)	between, among, mutually
8.	*post-*	(h)	before in time, place, order, etc.
9.	*bi-*	(i)	not of the kind or class described
10.	*non-*	(j)	against, contrary
11.	*semi-*	(k)	double or twice
12.	*de-*	(l)	in the opposite direction

3. ADVERBS: POSITION OF ADVERBS

<u>Put the adverbs supplied into the correct place in these sentences</u>.

1. English law is judge-made law. (BASICALLY)
2. Under weak governments the people had enjoyed much security. (NEVER)
3. Equity was based on what the Chancellors considered to be just and fair. (INDIVIDUALLY)
4. Legal rules are spread in judicial decisions, customs and statutes. (WIDELY)
5. The plaintiff's interests would be protected by awarding him pecuniary damages. (SUFFICIENTLY)
6. Whenever a new problem of law came to be decided a rule was formed and this rule was followed by all other judges. (SUBSEQUENTLY)

4. ARTICLES

Fill in the blank with the appropriate article or leave it blank to indicate that no article is necessary.

Defamation

Defamation is .... publication of .... statement about .... person that tends to lower his reputation in .... opinion of .... community. In English law there are two forms of defamation: defamation in permanent form, and defamation not in permanent form. .... former is called libel and .... latter slander. .... maliciously written or printed publication is .... example of libel. Slander is .... defamatory statement made by such means as spoken words or gestures. However, ... defendant may escape liability for unintentional defamation by making .... offer of amends, that is, in cases where .... defendant innocently and without negligence defamed .... plaintiff but has offered .... suitable correction and apology and has paid compensation.

However, ... advent of electronic communications has complicated .... classification somewhat. Some countries treat radio defamation as libel, others as slander. Television presents similar problems.

5. REPORTED SPEECH

- When we turn direct speech into indirect, some changes are usually necessary. These are most easily studied by considering statements, questions and commands.
- When we turn direct speech into indirect and when the *introductory verb* is in the *present*, *present perfect* or *future tense*, no change in tense is necessary.

  E.g. She says: "This lady is not my sister." → She says (that) this lady is not her sister.
- When the *introductory verb* is in the *past tense*, the verbs in the direct speech change as follows:

Direct Speech		***Indirect Speech***
Simple Present	→	*Simple Past*
Present Continuous	→	*Past Continuous*
Simple Past	→	*Past Perfect*
Present Perfect	→	*Past Perfect*
Future Simple	→	*Past Future*

- *Adverbs* and *adverbial phrases of time*, and the *adverb here*, change as follows:

today	→	*that day*
yesterday	→	*the day before, the other day*
tomorrow	→	*the next day, the following day*
next week	→	*the following week*
last week	→	*the previous week*
ago	→	*before*
here	→	*there (often omitted)*

- *Demonstrative adjectives* and *pronouns* also *change*:

this	→	*that*
these	→	*those*

- *Would, should, ought, had better, might, used to, could* and *must* do not normally change.

  E.g. The lawyer said: "I *might* be wrong." → The lawyer said that he *might* be wrong.

- When we turn direct questions into indirect speech, the following changes are necessary:

  (i) tenses, pronouns and possessive adjectives and adverbs of time and place change as in statements; and

  (ii) the interrogative form of the verb changes to the affirmative form.

- If the direct question begins with a question word, such as *where, when, why, how, how many, how much, how long*, etc., the question word is repeated in the indirect question.

  E.g. The lawyer asked: "Where does he work now?"

  The lawyer asked *where he worked*. ("*now*" being omitted)

- If there is no question word, the word *if* or *whether* is placed after the main verb in the reported question:

  E.g. My partner asked: "Have you signed the contract?"

  My partner asked *if* I *had signed* the contract.

- The introductory verb, such as *tell, order, command, ask*, etc., must be followed immediately by the person addressed and the infinitive (i.e., the accusative + infinitive construction).

  E.g. The lawyer said: "Tell the truth." → The lawyer *told the witness to tell* the truth; or

  The lawyer said: "*Don't support* anything he says."

  The lawyer asked the witness *not to support* anything he said.

Note: (1) Exercises in reported speech should not be done mechanically because there are many verbs besides *say* and *tell*, and *ask* and *inquire*.

(2) Tenses are not always changed mechanically either. It is always important to preserve the original idea as much as possible.

(3) Reported speech is frequently used in newspaper reports.

<u>Turn the following dialogue, said in a court case, into indirect speech</u>.

Cross-examination

Lawyer: When did you last see your sister, Miss Steel?
Miss Steel: I last saw her in 1957, and I haven't seen her since then.
Lawyer: How do you explain that? Usually sisters see each other.
Miss Steel: She emigrated to North America in 1958.
Lawyer: Now, you said you hadn't seen her. Have you perhaps heard from her?
Miss Steel: Oh, yes, I have heard from her regularly.
Lawyer: Was it by letter?
Miss Steel: Yes. I got two or three letters every year. Then she sent New Year's card most years.
Lawyer: Where did she settle in America?
Miss Steel: She went to Nebraska.
Lawyer: And what did she do there?
Miss Steel: She bought some land and started farming.
Lawyer: Did she stay there all the time?
Miss Steel: Yes, I think so. At least, all the letters came from the same address.
Lawyer: Did she mention that she was returning to Britain?
Miss Steel: No, she never said anything about it.
Lawyer: Did she sound happy when she wrote?
Miss Steel: Yes, she always sounded very happy. She got married in 1965.
Lawyer: Did she ever send you any photographs?
Miss Steel: No, in fact, she never did.
Lawyer: How do you explain that?
Miss Steel: Her camera was stolen on the way out, and she never bought another one.
Lawyer: Do you remember your sister well?
Miss Steel: Not very well. I was only ten when she left.
Lawyer: Do you recognise this lady who claims to be your sister?
Miss Steel: No, I don't. She .... well ....
Lawyer: Yes, Miss Steel, go on.
Miss Steel: I don't think she is my sister.
Lawyer: Can you tell us why?
Miss Steel: I saw this lady wearing a hat yesterday. Maureen hated hats. I remember that well. She never wore hats.
Lawyer: Thank you Miss Steel. No further questions.

6. TENSES

(a) Fill in the blank spaces in the text with correct verb forms.

Equity

What is equity? According to the definition, it is that part of English law which coexists with common and statute law. Originally, first the Lord Chancellor and later the Court of Chancery (ADMINISTER) .... it. The common law (NOT/RECOGNISE) ....certain concepts and (LIMIT) .... remedies in scope and flexibility, since it (RELY) .... primarily on the remedy of damages. In the Middle Ages litigants were entitled to petition the King, who (RELY) .... on the advice of his Chancellor, commonly an ecclesiastic ("the keeper of the king's conscience") to do justice in each case. The Chancellor (DEAL WITH) .... cases on flexible basis: he more .... (CONCERN) with the fair result than with rigid principles of law.

The following example .... (SHOW) the different effect of common law and equity in an actual case.

Suppose that Smith and Jones (MAKE) .... a contract in which Smith (AGREE) .... to sell Jones a certain piece of land, and Smith later (CHANGE) .... his mind and (BREAK) .... the contract. At common law the court (ORDER) .... Smith to pay Jones money as compensation for the land he (LOSE) .... In equity the court has discretion to order Smith .... (PERFORM) his part of the contract (to transfer the piece of land to Jones) if this is fair in circumstances.

(b) **Complete the following passage with the correct form of the verbs in the list, some of which are used more than once.**

	acquit	**commit**	**convict**	**lie for**	**raise**	
be	**sentence**	**try**	**listen**	**watch**	**sit**	**leave**

It is inevitable, I suppose, that there should occasionally be miscarriages of justice. There .... the case in Manchester in 1987 when a notorious criminal, John Colman .... in the public gallery at the Assize Court, and .... and .... while two brothers .... for murder which he himself .... The jury .... John but .... and .... William to death. As he .... the dock he .... his hands saying that he .... innocent, as he .... When Colman .... another murder he confessed to the crime of which William ....

Review and discussion questions

The law recognises that printed defamation is more likely to be injurious than "just talk". Consider the following case regarding defamation and answer the below given questions.

1. One of the best-known cases involves the trial of the publisher John Peter Zenger. He was charged with libel for reporting that Cosby attempted to rig a 1733 election held at St. Paul's Church village green in the town of Eastchester. Having admitted that his client printed the report in his *New York Weekly Journal* as charged, his lawyer Andrew Hamilton persuaded the jury that Zenger printed only the truth and won acquittal. His case created an important precedent for the tradition of a free press in America.

Questions

1. People are held less stringently to what they say than to what they write - so as to discourage trivial lawsuits. Do you agree or disagree with this? Give your opinion and support your position.
2. Are printers, publishers and broadcasting companies involved in the publication of a defamatory statement also liable? Why? Illustrate.

Appendix 1
Present and past tenses

Present Simple Tense	Present Continuous Tense

The verb *to work*

Affirmative

I work	I am working
You work	You are working
He/she/it works	He/she/it is working
We work	We are working
You work	You are working
They work	They are working

Negative

I do not work	I am not working
You do not work	You are not working
He/she/it does not work	He/she/it is not working
We do not work	We are not working
You do not	You are not working
They do not work	They are not working

Interrogative

do I work?	am I working?
do you work?	are you working?
does he/she/it work?	is he/she/it working?
do we work?	are we working?
do you work?	are you working?
do they work?	are they working?

Negative Interrogative

do I not work?	am I not working?
do you not work?	are you not working?
does he/she/it not work?	is he/she/it not working?
do we not work?	are we not working?
do you not work?	are you not working?
do they not work?	are they not working?

Contractions:

- Note that the verb *to be* cannot be contracted in the interrogative. Alternative negative contractions are: you*'re not*, he*'s not*. The negative interrogative form is: *am* I *not*? (with contractions: *aren't* I?), are you not (*aren't* you), is he not (*isn't* he). Therefore, the present continuous tense of any verb can be contracted as follows:

I'*m working*,	you'*re working*,	he*'s working*
I'*m not working*,	you *aren't working*,	he *isn't working*
aren't I *working*?	*aren't* you *working*?	*isn't* he *working*?

  Also, note the irregular contraction for *am I not*.

- Note that the verb *to do* is normally contracted in the negative and negative interrogative form.

  I *don't work*, he *doesn't work*, *don't* I *work*? *doesn't* he *work*?

• We often *work* from morning to night.	Don't call me now. I'*m working*.
• Where *do* you *work*? I *work* in a bank.	Where's your brother? He'*s working*.
• The telephone *doesn't work*.	The telephone *isn't working* at the moment.
• We are good friends. But our friendship *works* best when we *speak* our minds.	*Are* they *preparing* a new play? No, they'*re working on* the old one.

The verb *to work*

Affirmative

I have worked	I have been working
You have worked	You have been working
He/she/it has worked	He/she/it has been working
We have worked	We have been working
You have worked	You have been working
They have worked	They have been working

Negative

I have not worked	I have not been working
You have not worked	You have not been working
He/she/it has not worked	He/she/it has not been working
We have not worked	We have not been working
You have not worked	You have not been working
They have not worked	They have not been working

Interrogative

have I worked?	have I been working?
have you worked?	have you been working?
has he/she/it worked?	has he/she/it been working?
have we worked?	have we been working?
have you worked?	have you been working?
have they worked?	have they been working?

Negative Interrogative

have I not worked?	have I not been working?
have you not worked?	have you not been working?
has he/she/it not worked?	has he/she/it not been working?
have we not worked?	have we not been working?
have you not worked?	have you not been working?
have they not worked?	have they not been working?

Contractions:

- Note that the verb *to have* cannot be contracted in the interrogative. Alternative negative contractions are: I'*ve not*, you'*ve not*. The negative interrogative form is: have I not? (with contractions: *haven't* I?), have you not (*haven't* you), has he not (*hasn't* he?). Therefore, contractions *have* and *have not* can be contracted as follows:

I've *worked*,	he'*s worked*	you'*ve been working*,	he'*s been working*
I'*haven't worked*,	he *hasn't worked*	you *haven't been working*,	he *hasn't been working*
haven't I *worked*?	*hasn't* he *worked?*	*haven't* you *been working*?	*hasn't* he *been working*?

We *have* often *worked* from morning to night.	He'*s been working* here for 6 months.
Where *have* you *worked*? I *have worked* in a bank.	Are you tired? Yes, I am. I *have been working* from morning to night all week.
The telephone *hasn't worked since the storm*.	The telephone *hasn't been working* since the storm.
We *have been* good friends. But our friendship *has worked* best when we *have spoken* our minds.	We are still working on our play. We *have been working on* it all month.

The verb *to work*

Affirmative

Past Perfect Tense	Past Perfect Continuous Tense
I had worked	I had been working
You had worked	You had been working
He/she/it had worked	He/she/it had been working
We had worked	We had been working
You had worked	You had been working
They had worked	They had been working

Negative

Past Perfect Tense	Past Perfect Continuous Tense
I had not worked	I had not been working
You had not worked	You had not been working
He/she/it had not worked	He/she/it had not been working
We had not worked	We had not been working
You had not worked	You had not been working
They had not worked	They had not been working

Interrogative

Past Perfect Tense	Past Perfect Continuous Tense
had I worked?	have I been working?
had you worked?	have you been working?
had he/she/it worked?	has he/she/it been working?
had we worked?	have we been working?
had you worked?	have you been working?
had they worked?	have they been working?

Negative Interrogative

Past Perfect Tense	Past Perfect Continuous Tense
had I not worked?	had I not been working?
had you not worked?	had you not been working?
had he/she/it not worked?	had he/she/it not been working?
had we not worked?	had we not been working?
had you not worked?	had you not been working?
had they not worked?	had they not been working?

Contractions:

- Note that the verb *to have* cannot be contracted in the interrogative. Alternative negative contractions are: I'*d not*, you*'d not*, but these are less common. (The contractions *'d* is also used for *should* and *would*.) The negative interrogative form is: had I not? (with contractions: *hadn't* I?), had you not (*hadn't* you), had he not (*hadn't* he?). Therefore, contractions *had* and *had not* can be contracted as follows:

I'*d worked*,	he'd *worked*	you'*d been working*,	he*'d been working*
I'*hadn't worked*,	he *hadn't worked*	you *hadn't been working*,	he *hadn't been working*
hadn't I *worked*?	*hadn't* he *worked?*	*hadn't* you *been working*?	*hadn't* he *been working*?

It wasn't the first time he *had worked* from morning to night	He was tired yesterday evening because he *had been working* in the afternoon.
Where *had* you *worked*? I *had worked* in a bank.	Are you tired? Yes, I am. I decided to see my doctor because I *had been working* too hard.
The telephone did not work because the thief *had cut* the cable.	It was now six and he was tired because he *had been working* since two o'clock.
The screenplay was half-done because I *had not worked on* it for weeks.	I was worn out because I *had been working on* a new screenplay.

Appendix 2
The future

Future Tense	Future Continuous Tense

The verb *to work*

Affirmative

I shall/will work	I shall be working
You will work	You will be working
He/she/it will work	He/she/it will be working
We shall work	We shall be working
You will work	You will be working
They will work	They will be working

Negative

I shall/ will not work	I shall not be working
You will not work	You will not be working
He/she/it will not work	He/she/it will not be working
We shall/ will not work	We shall not be working
You will not work	You will not be working
They will not work	They will not be working

Interrogative

shall I work?	shall I be working?
will you work?	will you be working?
will he/she/it work?	will he/she/it be working?
shall we work?	shall we be working?
will you work?	will you be working?
will they work?	will they be working?

Negative Interrogative

shall I not work?	shall I not be working?
will you not work?	will you not be working?
will he/she/it not work?	will he/she/it not be working?
shall we not work?	shall we not be working?
will you not work?	will you not be working?
will they not work?	will they not be working?

Contractions:

- Note that the verb *will* is contracted to *'ll*: *will not* to *won't* and *shall not* to *shan't*.

Future forms:

- The methods of expressing the future are as follows: the present continuous, the simple present, the *going to* form, the future tense, the future continuous and the future perfect.

The present continuous	They*'re working* tomorrow.
The simple present	His plane *leaves* at 10.15.
The *going to* form	She'*s going to work* tomorrow.
The future tense	He*'ll leave* tomorrow.
The future continuous	I*'ll be working* tomorrow.
The future perfect	We*'ll have left* by this time tomorrow.

Appendix 3
Modal verbs

The verb *can*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I can	I cannot	can I?	can I not?
you can	you cannot	can you?	can you not?
he/she/it can	he/she/it cannot	can he/she/it?	can he/she/it not?
we can	we cannot	can we?	can we not?
you can	you cannot	can you?	can you not?
they can	they cannot	can they?	can they not?

The verb *could*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I could	I could not	could I?	could I not?
you could	you could not	could you?	could you not?
he/she/it could	he/she/it could not	could he/she/it?	could he/she/it not?
we could	we could not	could we?	could we not?
you could	you could not	could you?	could you not?
they could	they could not	could they?	could they not?

The verb *must*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I must	I must not	must I?	must I not?
you must	you must not	must you?	must you not?
he/she/it must	he/she/it must not	must he/she/it?	must he/she/it not?
we must	we must not	must we?	must we not?
you must	you must not	must you?	must you not?
they must	they must not	must they?	must they not?

The verb *may*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I may	I may not	may I?	may I not?
you may	you may not	may you?	may you not?
he/she/it may	he/she/it may not	may he/she/it?	may he/she/it not?
we may	we may not	may we?	may we not?
you may	you may not	may you?	may you not?
they may	they may not	may they?	may they not?

Contractions:

- Note that the verb *can* is contracted to *can't*, the verb *could* to *couldn't*, and the verb *must* to *mustn't*.

- She *can watch* TV. (there is nothing to stop her)
- She *can't watch* TV.
- She *could watch* TV, but she isn't in the mood.
- She *couldn't watch* TV. (she wasn't able)
- She *must have watched* TV. (I'm sure – there is no other possibility)
- She *can't* possibly *have watched* TV. (it is impossible)
- She *may/might/could have watched* TV. (it is possible that she has watched TV)

The verb *might*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I might	I might not	might I?	might I not?
you might	you might not	might you?	might you not?
he/she/it might	he/she/it might not	might he/she/it?	might he/she/it not?
we might	we might not	might we?	might we not?
you might	you might not	might you?	might you not?
they might	they might not	might they?	might they not?

The verb *ought*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I ought	I ought not	ought I?	ought I not?
you ought	you ought not	ought you?	ought you not?
he/she/it ought	he/she/it ought not	ought he/she/it?	ought he/she/it not?
we ought	we ought not	ought we?	ought we not?
you ought	you ought not	ought you?	ought you not?
they ought	they ought not	ought they?	ought they not?

The verb *shall*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I shall	I shall not	shall I?	shall I not?
you shall	you shall not	shall you?	shall you not?
he/she/it shall	he/she/it shall not	shall he/she/it?	shall he/she/it not?
we shall	we shall not	shall we?	shall we not?
you shall	you shall not	shall you?	shall you not?
they shall	they shall not	shall they?	shall they not?

The verb *should*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I should	I should not	should I?	should I not?
you should	you should not	should you?	should you not?
he/she/it should	he/she/it should not	should he/she/it?	should he/she/it not?
we should	we should not	should we?	should we not?
you should	you should not	should you?	should you not?
they should	they should not	should they?	should they not?

Contractions:

- Note that the verb *might* is contracted to *mightn't*, the verb *ought* to *oughtn't*, and the verb *should* to *shouldn't*.

- He *may/might not know* that she is away on business. (perhaps he doesn't know)
- *Shall we* watch TV tonight? (do you think it is a good idea/)
- I *should visit/ought to visit* my friend in the hospital. (it would be a good thing to do)
- I wonder what is the matter with her. She *should have come/ought to have come* home by now.

The verb *will*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I will	I will not	will I?	will I not?
you will	you will not	will you?	will you not?
he/she/it will	he/she/it will not	will he/she/it?	will he/she/it not?
we will	we will not	will we?	will we not?
you will	you will not	will you?	will you not?
they will	they will not	will they?	will they not?

The verb *would*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I would	I would not	would I?	would I not?
you would	you would not	would you?	would you not?
he/she/it would	he/she/it would not	would he/she/it?	would he/she/it not?
we would	we would not	would we?	would we not?
you would	you would not	would you?	would you not?
they would	they would not	would they?	would they not?

The verb *dare*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I dare	I dare not	dare I?	dare I not?
you dare	you dare not	dare you?	dare you not?
he/she/it dare	he/she/it dare not	dare he/she/it?	dare he/she/it not?
we dare	we dare not	dare we?	dare we not?
you dare	you dare not	dare you?	dare you not?
they dare	they dare not	dare they?	dare they not?

The verb *need*

Affirmative	*Negative*	*Interrogative*	*Negative Interrogative*
I need	I need not	need I?	need I not?
you need	you need not	need you?	need you not?
he/she/it need	he/she/it need not	need he/she/it?	need he/she/it not?
we need	we need not	need we?	need we not?
you need	you need not	need you?	need you not?
they need	they need not	need they?	need they not?

Contractions:

- Note that the verb *would* is contracted to *wouldn't*, the verb *dare* to *daren't*, and the verb *need* to *needn't*.

- I think I *will watch* TV tonight.
- I promise I *won't watch* TV tonight.
- I *would watch* TV, but I don't have time.
- I promised *I wouldn't watch* TV.
- She *dared not tell* the truth.
- You *needn't come* until later.
- I *needn't have watered* the garden, for it is going to rain.

Appendix 4
Irregular verbs

Infinitive	*Past Simple*	*Past Participle*
abide (stanovati)	abode	abode
arise (ustati)	arose	arisen
awake (probuditi se)	awoke	awaken
be (biti)	was	been
bear (roditi)	bore	born
bear (nositi)	bore	borne
beat (tući)	beat	beaten
become (postati)	became	become
befall (dogoditi se)	befell	befallen
begin (početi)	began	begun
behold (opaziti)	beheld	beheld
bend (saviti)	bent	bent
bereave (lišiti)	bereft	bereft
beseech (zaklinjati)	besought	besought
bet (kladiti se)	bet	bet
bid (naložiti)	bade	bidden
	bid	bid
bind (vezati)	bound	bound
bite (gristi)	bit	bitten
bleed (krvariti)	bled	bled
blend (pomešati)	blent	blent
	blended	blended
blow (duvati)	blew	blown
break (slomiti)	broke	broken
breed (gajiti)	bred	bred
bring (doneti)	brought	brought
build (graditi)	built	built
burn (goreti)	burnt	burnt
burst (prsnuti)	burst	burst
buy (kupiti)	bought	bought
cast (baciti)	cast	cast
catch (uhvatiti)	caught	caught
chide (koriti)	chid	chidden
		chid
choose (birati)	chose	chosen
cleave (raskoliti)	clove	cloven
	cleft	cleft

Infinitive	*Past Simple*	*Past Participle*
cling (prianjati)	clung	clung
clothe (odevati)	clad	clad
	clothed	clothed
come (doći)	came	come
cost (stajati)	cost	cost
creep (puzati)	crept	crept
crow (kukurikati)	crew	crown
cut (rezati)	cut	cut
dare (usuditi se)	dared	dared
	durst	
deal (deliti)	dealt	dealt
dig (kopati)	dug	dug
do (činiti)	did	done
draw (vući, crtati)	drew	drawn
dream (sanjati)	dreamt	dreamt
	dreamed	dreamed
drink (piti)	drank	drunk
drive (goniti, voziti)	drove	driven
dwell (stanovati)	dwelt	dwelt
eat (jesti)	ate	eaten
fall (pasti)	fell	fallen
feed (hraniti)	fed	fed
feel (osećati)	felt	felt
fight (boriti se)	fought	fought
find (naći)	found	found
flee (bežati)	fled	fled
fling (baciti)	flung	flung
fly (leteti)	flew	flown
forbear (okaniti se)	forbore	forborne
forbid (zabraniti)	forbade	forbidden
forget (zaboraviti)	forgot	forgotten
forgive (oprostiti)	forgave	forgiven
forgo (lišiti se)	forwent	forgone
forsake (ostaviti)	forsook	forsaken
freeze (smrzavati se)	froze	frozen
get (dobiti)	got	got
		gotten

Infinitive	*Past Simple*	*Past Participle*
gild (pozlatiti)	gilt	gilt gilded
gird (opasati)	girt girded	girt girded
go (ići)	went	gone
grave (rezbariti)	graved	graven graved
grind (mleti, brusiti)	ground	ground
grow (rasti)	grew	grown
hang (visiti)	hung	hung
hanged	hanged	
have (imati)	had	had
hear (čuti)	heard	heard
heave (dignuti)	hove heaved	hove heaved
hew (seći)	hewed	hewn hewed
hide (sakriti)	hid	hidden hid
hit (pogoditi)	hit	hit
hold (held)	held	held
hurt (raniti)	hurt	hurt
keep (držati)	kept	kept
kneel (klečati)	knelt	knelt
knit (plesti)	knit knitted	knit knitted
know (znati)	knew	known
lay (položiti)	laid	laid
lead (voditi)	led	led
lean (nasloniti se)	leant leaned	leant leaned
learn (učiti)	learnt learned	learnt learned
leave (ostaviti)	left	left
lend (pozajmiti)	lent	lent
let (pustiti)	let	let
lie (ležati)	lay	lain

Infinitive	*Past Simple*	*Past Participle*
light (upaliti)	lit lighted	lit lighted
lose (izgubiti)	lost	lost
make (načiniti)	made	made
mean (značiti)	meant	meant
meet (sresti)	met	met
mow (žeti)	mowed	mown
overcome (nadvladati)	overcame	overcome
pay (platiti)	paid	paid
put (staviti)	put	put
rap (udariti)	rapt	rapt
read (čitati)	read	read
rend (cepati)	rent	rent
rid (osloboditi)	rid ridded	rid ridded
ride (jahati)	rode	ridden
ring (zvoniti)	rang	rung
rise (dići se)	rose	risen
rot (trunuti)	rotted	rotten
run (trčati)	ran	run
saw (testerisati)	sawed	sawn sawed
say (reći)	said	said
see (videti)	saw	seen
seek (tražiti)	sought	sought
seeth (vriti)	sod seethed	sodden seethed
sell (prodati)	sold	sold
send (poslati)	sent	sent
set (staviti)	set	set
sew (šiti)	sewed	sewn
shake (tresti)	shook	shaken
shave (brijati)	shaved	shaved shaven
shear (strići)	shore sheared	shorn sheared
shed (gubiti lišće)	shed	shed

Infinitive	*Past Simple*	*Past Participle*
shine (sijati)	shone	shone
shoe (potkovati)	shod	shod
shoot (streljati)	shot	shot
show (pokazati)	showed	shown showed
shred (cepati)	shred	shred
shrink (stegnuti se)	shrunk	shrunk
shut (zatvoriti)	shut	shut
sing (pevati)	sang	sung
sink (tonuti)	sank	sunk
sit (sedeti)	sat	sat
slay (ubiti)	slew	slain
sleep (spavati)	slept	slept
slide (klizati se)	slid	slid
sling (bacati)	slang	slung
slink (odšunjati se)	slunk	slunk
slit (rasporiti)	slit	slit
smell (mirisati)	smelt smelled	smelt smelled
smite (udarati)	smote smit	smitten smit
sow (sejati)	sowed	sown sowed
speak (govoriti)	spoke	spoken
speed (žuriti)	sped	sped
spell (sricati)	spelt spelled	spelt spelled
spend (trošiti)	spent	spent
spill (proliti)	spilt spilled	spilt spilled
spin (presti)	spun span	spun
spit (pljuvati)	spat	spat
split (rascepati)	split	split
spoil (pokvariti)	spoilt spoiled	spoilt spoiled
spread (raširiti)	spread	spread

Infinitive	*Past Simple*	*Past Participle*
spring (skočiti)	sprang	sprung
stand (stajati)	stood	stood
steal (krasti)	stole	stolen
stick (prionuti)	stuck	stuck
sting (ubosti)	stung	stung
stink (zaudarati)	stank stunk	stunk
strew (posuti)	strewed	strewn strewed
stride (stupati)	strode	stridden strid
strike (udarati)	struck	struck stricken
string (nizati)	strung	strung
strive (boriti se)	strove	striven
swear (zakleti se)	swore	sworn
sweat (znojiti se)	sweat sweated	sweat sweated
sweep (čistiti)	swept	swept
swell (nabreknuti)	swelled	swollen swelled
swim (plivati)	swam	swum
swing (njihati se)	swung	swung
take (uzeti)	took	taken
teach (podučavati)	taught	taught
tear (cepati)	tore	torn
tell (kazati)	told	told
think (misliti)	thought	thought
thrive (uspevati)	thrived thrived	thriven thrived
throw (bacati)	threw	thrown
tread (stupati)	trod treaded	trodden trod
thrust (gurnuti)	thrust	thrust
understand (razumeti)	understood	understood
wake (probuditi)	waked woke	waked woken

Infinitive	*Past Simple*	*Past Participle*
wear (nositi)	wore	worn
weave (tkati)	wove	woven
weep (plakati)	wept	wept
wend (krenuti)	wended went	wended
wet (nakvasiti)	wet wetted	wet wetted
win (steći, pobediti)	won	won
wind (vijugati se)	wound	wound
withdraw (povući)	withdrew	withdrawn
withhold (zaustaviti)	withheld	withheld
work (raditi)	worked wrought	worked wrought
wring (izvijati)	wrung	wrung
write (pisati)	wrote	written

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Accounting is the process of identifying, measuring, recording, and communicating economic transactions of an organisation, providing information for various purposes. 88

Administrative law is the body of law which deals with the powers of the executive or administrative organs of the state, relating particularly to their legislative and judiciary powers. 122

Anglo-American system of law, one of the two major Western systems of law, is derived from the English common law. 122

Assets refer to valuable rights owned by the company. They are ordinarily subdivided into fixed, current and intangible assets. 89

Balance sheet or ***statement of financial position*** is a statement of the total assets and liabilities of an organisation at a particular date, usually the last day of the accounting period. 89

Business organisation is a systematic arrangement of people brought together to accomplish some specific business purpose. 56

Calendar year, the year beginning on 1 January and ending on 31 December. 89

Civil law is that part of the law primarily concerned with the rights and duties of individuals towards each other, i.e., with such aspects of relationships between individuals that are of no direct concern to the state. 107

Civil law (system), also called Romano-Germanic law, is the law of continental Europe, based on an admixture of Roman, Germanic, ecclesiastical, feudal, commercial, and customary law. 122

Common law is a part of the law in England, created by the court and developed through the creation of precedents. 122

Commonwealth of Nations is a free association consisting of the UK and many of its former colonies or dependencies (e.g. protectorates) that have attained full independence and are recognised by international law as separate countries. They have chosen to maintain ties of friendship and practical co-operation. Also, they acknowledge the British monarch as symbolic head of their association. 122

Competition refers to the situation when anybody who wants to buy or sell has a choice of possible suppliers or customers. 3

Constitutional law is that area of law that deals with the interpretation and construction of constitutions or with the nature and organisation of government, its sovereign power, and their distribution and mode of exercise, and the relation of government to the citizen. 122

Consumption refers to using up of goods, energy and resources by people, organisations and country. 3

Cost is the monetary value of goods that producers and consumers purchase. 21

Criminal law is that part of the law that is concerned with the punishment of offences (against the person, property and the state) defined as crimes by the law. 107

Current assets include cash and other items such as stocks, bonds, amounts due from customers, etc., that will or can become cash within the following year, and they are always listed first. 89

Damage refers to harm done to things. 106

Damages refer to money which is paid to someone by a person or organisation that has been responsible for causing them some injury or loss. 107

Development economics investigates the history and changes of economic activity and organisation over a period of time, as well as their relation to other activities and institutions. 38

Distribution has to do with the movement of goods to places where they can be sold and the arrangements made for this. 3

Downsizing is an activity in an organisation designed to create a more-efficient operation through extensive lay offs. 72

Duty of care is a duty to use due care towards others in order to protect them from unnecessary risk of harm. But there is no general duty to prevent other persons causing damage or to rescue persons or property in danger. 106

Economic goods are all goods taking a tangible form, which are scarce in relation to the demand for them. 21

Economic growth is the rate of increase of the money received by a country from industry and trade. 39

Economics is the social science that is concerned chiefly with the description and analysis of the production, distribution, and consumption of goods and services. 2

Economic stability means the achievement of full employment under the inflationless or nearly inflationless conditions to attain economic growth in the present and future. 40

Economy is about the wealth and resources of a community, especially in terms of the production and consumption of goods and services, i.e., a country's money supply, trade and industry. 2

Entrepreneur is a person who starts or runs a business activity, especially one that involves financial risk. 72

Entrepreneurship is the process of initiating a business venture, organizing the necessary resources, and receiving any profits and bearing any losses. However, entrepreneurs need not necessarily contribute either labour, which can be hired, or capital, which can be borrowed. 72

Entrepreneurial spirit refers to individuals who are independent workers who initiate a business venture, have a tendency to take the calculated risk, and accept the fact that mistakes occur in business. 73

Equity is the body of law originally formulated and developed by the Lord Chancellor and the Court of Chancery. The purpose of equity was to add or supplement common-law rules in cases in which these were too rigid to give justice. 122

Exchange is about trading one good or asset for another. 2

Expenses refer to sums of money spent by a company on goods and services that do not become part of a company's assets. 90

Financial accounting is mainly concerned with reports (typically produced on a quarterly or an annual basis) published for the use of persons outside the organisation - stockholders, creditors, brokers, government officials, and others. 88

Financial period refers to a period falling between two successive balance sheets for which financial statements are prepared, normally 12 months, although it may be less. 90

Fine is a sum of money that an offender is ordered to pay on conviction. 106

Fiscal policy relates to taxes and expenditures. 39

Fiscal year, the year beginning on 6 April in one year and ending on 6 April in the next year. 89

Fixed assets are not expected to be converted into cash and are considered property, land and equipment. 89

Franchise refers to the authorisation given by a company for others to use its name and sell its goods in a particular way. 72

Franchisee is a person or company to whom a franchise is granted. 72

Franchiser is a person or company that grants a franchise. 72

Free goods are goods that are not scarce and are available in sufficient amounts to satisfy all possible demands. 21

Free market is a market in which people buy and sell voluntarily, without legal compulsion. 3

Full employment is a situation when every worker available for employment has a job. 39

Goods are all economic assets taking a tangible form, such as houses or clothes. 21

Goods-producing industries are agriculture mining, manufacturing, and construction; each of them creates some kind of tangible object. 21

Gross domestic product (***GDP***) is the annual total value of goods produced and service provided by a country. 39

Gross national product (***GNP***) is the annual total value of goods produced and services provided by a country, plus the total income from abroad. 39

Gross negligence is a high degree of negligence, manifested in conduct substantially worse than that of the average reasonable man. 106

Human resources include labour of various skills and qualifications, such as management and entrepreneurship. 20

Income statement is an account in the books of an organisation showing the profits or losses made on its business activities with the deduction of the appropriate expenses over a certain period of time, usually one year. 90

Inflation is a persistent tendency for prices and money wages to increase. 39

Individual proprietorship refers to a single person who totally controls the assets and is personally liable for debts and obligations incurred in connection with the business, often termed as "one-man business". 57

Intangible assets include the costs of organising the business, patents, copyrights and trademarks. Least tangible of all but not less valuable is goodwill, which consists mainly of a company's reputation, especially in its relations with customers. 89

Intrapreneur is a person within an organisation who demonstrates entrepreneurial characteristics. 73

Intrapreneurship means that rules, policies and other constraints are imposed by the parent company, that intrapreneurs report to bosses, and that the payoff for success is not financial independence but career advancement. 73

Law refers to the rules of conduct imposed by a state upon its members and enforced by the courts. 106

Liabilities refer to the funds that have been provided by outside lenders and other creditors in exchange for the company's promise to make payment or to provide services in the future. 89

Licence refers to formal authority to do something that would otherwise be unlawful. 107

Limited liability means that an investor's liability to debt is limited to the extent of his/her shareholding. 58

Limited-liability company *or* **corporation** denotes incorporated groups of persons - that is, a number of persons considered as a legal entity with property, powers, and liabilities separate from those of its members. It can enter into legal relations with them, make contracts with them, and sue and be sued by them. 57

Limited partnership consists of general or full partners who are fully liable for partnership debts and limited partners who are liable to the extent of their investments.*57*

Macroeconomics deals with the macro aspects of economics, considering what determines full employment and production, consumption, investment, and how much a country imports or exports, and asking what determines the long-term growth rate of the economy, the general level of prices and the rate of inflation. 38

Microeconomics deals with the micro aspects of economics, considering individuals both as suppliers of labour and capital and as the ultimate consumers of the final product, and analysing firms both as suppliers of products and as consumers of labour and capital. 38

Management system means that business organisations have a formal system of management, which may or may not include members of the organisation. 56

Managerial accounting is the process of producing reports (typically on a monthly basis) for the use of the management of the organisation in planning and monitoring activities. 88

Monetary policy refers to financial markets and the supply of credit, money, and other financial assets. 39

Natural resources or ***non-human resources*** refer to traditional division into *renewable*, such as forests, wildlife, and the like, and those that are *non-renewable*, such as mineral or fuel resources. Land, capital, technology, information, and time can also be regarded as non-human resources. 20

Negligence is a failure to do something a reasonable man (an average responsible citizen) would do, or doing something that a reasonable man would not do. 106

Net income is the excess of revenues and gains of a business over expenses and losses during a given period of time. 90

Notice to quit is the formal notification from a landlord to a tenant (or vice versa) terminating the tenancy on a specified date. 107

Opportunity cost is the measure of the alternative opportunities foregone in the choice of one good or activity over others. It is the true total measure of the cost of anything. 21

Owners' equity refers to the funds of an organisation that have been provided by its owners, i.e. its total assets less its total liabilities. 89

Parent *or* ***holding company*** is the leading company of a group that holds all or more than half shares of the other companies. 73

Partnership is a business which may have from two to 50 or more members. This form of business is owned by the partners themselves, who may receive varying shares of the profits depending on their investment or contribution. 57

Penalty is a punishment for crime, which must be clearly stated before it can be enforced. 107

Plurality of membership means that business organisations have more than one member, at least when they are formed. 56

Possession of distinct assets means that business organisations have assets that are legally distinct from the private assets of the members. 56

Precedent is a judgment or decision of a court, normally recorded in a law report, used as authority for reaching the same decision in subsequent cases. 122

Price is the amount of money paid per unit for a good or service. 38

Price stability is the absence of inflation or deflation in the overall level prices. 39

Private law is that area of law that treats private matters, involving private persons, property, relationships, and excluding those matters treated in public law. 122

Private limited company (Ltd.) cannot have more than 50 members and cannot offer shares to the general public. 58

Production is the use of resources to make goods or services which have value. 3

Public law is that area of law that adjusts the relations of individuals with the state and regulates the organisation and conduct of the machinery of government. It consists of administrative and constitutional law, to which might be added revenue law and criminal law. 122

Public limited company (PLC) can offer shares to the general public if it wants to enlarge. 58

Real income is the real purchasing power of one's nominal income. 39

Remedy (redress, relief) refers to any of the methods available at law for the enforcement, protection, or recovery of rights or for obtaining redress for their infringement. 107

Resources refer to anything which can contribute to economic activity. There are basically two categories of scarce resources: natural resources or non-human resources and human resources. 20

Resource allocation is the determination of the most appropriate use for a resource and the assignment of the resource to that purpose. In brief - to obtain the maximum possible output from a given combination of resources. 20

Revenue refers either to money received for sales of goods and services, or to money received by a government for taxes. 90

Rule is a prescribed guide for conduct or action. 106

Scarcity means the property of being in excess demand at a zero point. 3

Services are economic goods which do not take a tangible and storable form, such as transport, which cannot be stored, or insurance. 21

Service industries are not concerned with manufactured goods, but provide services, such as banking, insurance, advertising, etc. 21

Sole trader is a business organisation where one person is in business on his own, providing the capital, taking the profit, and standing the losses himself, but the business may employ many people. 57

Statement of cash flow is a statement showing the inflows and outflows of cash for a business over a financial period. 90

Statute law is set out in statutes, voted by the Parliament, and approved by the Monarch. 122

Two major Western systems of law comprise ANGLO-AMERICAN SYSTEM, derived from the English common law, and CIVIL-LAW SYSTEM, developed on the European continent on the basis of Roman law. 122

Unlimited liability denotes liability for the debts an individual or business organisation has incurred, without limit. 58

GLOSSARY

abide *(v.)*	pridržavati se, poštovati; prebivati, boraviti
to abide by the law	pridržavati se/poštovati zakon
account *(n.)*	konto, račun, računovodstveni iskaz, obračun knjiga
annual accounts	godišnji računovodstveni iskazi
assets account	stanje aktive
balance of account	saldo računa
bank account	bankovni račun
book of accounts	knjiga računa
cheque account	čekovni račun
current account	tekući račun
profit and loss account	bilans uspeha, (E.) račun dobitka i gubitka
accountant *(n.)*	računovodstvo
certified public accountant (CPA)	ovlašćeni (javni) računovođa
accounting *(n.)*	računovodstvo
accounting equation	računovodstvena jednačina
accounting period	obračunski period, računovodstveni period
accounting records	računovodstvena evidencija
financial accounting	finansijsko računovodstvo
managerial accounting	upravljačko računovodstvo
accrue *(v.)*	akumulisati, narasti, nagomilati, povećati se
accrued assets	razgraničena aktiva/imovina
accrued charges	neplaćeni troškovi tokom jednog obračunskog perioda
accrued expenses	ostvareni troškovi čije plaćanje još nije dospelo
accrued interest (ili active assets surplus)	narasla neisplaćena kamata, dospela kamata
activity *(n.)*	posao, poduhvat, delatnost, interes, aktivnost
allegation *(n.)*	navod, tvrdnja, navođenje
allege *(v.)*	navoditi, tvrditi
allegedly *(adv.)*	navodno, kako (se) tvrdi
alter *(v.)*	izmeniti, menjati, promeniti
ancient (*adj.)*	star, starinski, pradavni
ascribe *(n.)*	pripisati, pridati, pridavati
assembly *(n.)*	skupština; skup, zbor; sastavljanje, montaža
assembly line	montažna linija, tekuća traka
assembly-line production	masovna proizvodnja
assembly-line worker	monter, radnik koji radi na tekućoj traci
assess *(v.)*	oceniti, proceniti, ceniti vrednost; oporezovati
assessed value	procenjena vrednost u cilju oporezivanja
assessment *(n.)*	procena, oporezivanje
asset *(n.)*	imovinski objekat, vrednost; preimućstvo, povoljna okolnost;
assets *(n.)*	*(pl.)* imovina, sredstva, aktiva (u bilansu stanja)
current assets	tekuća sredstva/imovina (obrtna sredstva)
fixed assets	osnovna sredstva (trajna imovina)
intangible assets	nematerijalna sredstva/ulaganja/imovina

assign *(v.)*	dodeliti, ustupiti, preneti
assignment *(n.)*	zadatak, ustupanje, prenos, doznaka
assignment of duties	podela zadataka
assignment of funds	dodeljivanje sredstava
balance *(n.)*	saldo, stanje na računu
balance of accounts	saldo računa
balance sheet	bilans stanja
bar *(v.)*	zabraniti, ometati, smetati
bar *(n.)*	advokatska komora, advokatura, pregrada u sudnici, prepreka
barrister *(n.)*	*(E)* advokat koji ima pravo zastupanja u višim sudovima
bookkeeper *(n.)*	knjigovođa
bookkeeping *(n.)*	knjigovodstvo
double-entry bookkeeping	knjigovodstveni sistem dvojnog knjiženja
single-entry bookkeeping	knjigovodstveni sistem jednostrukog knjiženja
boom *(n.)*	bum, privredni polet
boom and slump	nagli rast i nagli pad cena
boost *(v.)*	doprineti, snažno podstaći, uzdići, podići
bond *(n.)*	veza, obaveza; zapis, obveznica
borrow *(v.)*	pozajmiti, uzeti na zajam
to borrow at interest	pozajmiti uz kamatu
borrower *(n.)*	dužnik, zajmoprimac, korisnik zajma
breach *(n.)*	raskid prekršaj
breach of contract	raskid ugovora
breach of law	kršenje zakona
business *(n.)*	posao, poslovanje, trgovačka kuća, organizacija
business enterprise	poslovno preduzeće
business entity	poslovni subjekt, pravno lice
business operations	poslovanje
business organisation	preduzeće, privredna organizacija, radna organizacija
business policy	poslovna politika
business practice	poslovanje
capital *(n.)*	kapital, finansijska sredstva, glavnica
capital assets	imovina kompanije, osnovna sredstva
capital of the company	osnivačka glavnica
capital gains	kapitalna dobit
loan capital	zajmovni kapital
capture *(v.)*	zadržati, uhvatiti
circumspect *(adj.)*	oprezan, promišljen, pažljiv
code *(n.)*	zakonik
civil code	građanski zakonik
commercial code	trgovački zakonik
criminal code	krivični zakonik

commodity *(n.)*	roba, proizvod, artikal
company *(n.)*	(u SAD se češće koristi **corporation***)* kompanija; akcionarsko društvo, zasniva se na Zakonu o kompanijama, registrovano preduzeće
daughter company	podružnica, filijala, kompanija ćerka
incorporated company	društvo sa ograničenom odgovornošću, akcionarsko društvo
joint stock company	akcionarsko društvo
limited liability company	društvo sa ograničenom odgovornošću
parent company	matična kompanija
competition *(n.)*	konkurencija, takmičenje, nadmetanje
competitor *(n.)*	konkurent, nadmetač, takmičar
consistent (*adj.)*	dosledan
consumption *(n.)*	potrošnja
consumer *(n.)*	potrošač, mušterija
convert *(v.)*	pretvoriti, promeniti, preobratiti
conversion *(n.)*	preobraćenje; *(fin.)* zamena, konverzija
corporation*(n.)*	(u VB se češće koristi company), korporacija, asocijacija lica koja je po zakonu zasebno pravno lice
cost *(n.)*	troškovi; izdaci; cena; nabavna vrednost
at any cost	po svaku cenu
at the cost of	po cenu da se pretrpi gubitak
cost accounting	obračunsko računovodstvo
cost-effective	isplativ, rentabilan
cost of living	troškovi života
material costs	materijalni troškovi
opportunity cost	gubitak koji je rezultat neiskorišćene prilike; vrednost neiskorišćene investicije
costed *(v.)*	odrediti buduću cenu, utvrditi cenu
costing *(n.)*	utvrđivanje troškova, izračunavanje cene koštanja, obračun troškova
custom *(n.)*	običaj, navika; (E) običajno pravo, nepisani zakon
damage *(n.)*	šteta, kvar, gubitak; ozleda; oštećenje
to inflict/cause damage	naneti štetu
to sustain/suffer damage	pretrpeti štetu
damages *(n.)*	*(pl.)* naknada štete, odšteta
to claim damages	zahtevati naknadu štete
debt *(n.)*	dug, zaduženost; obaveza; tražbina
bad debt	neuteriv dug
bad debts	sumnjiva potraživanja
burdened with debts	prezadužen, opterećen dugovima
debt claim	potraživanje
debt due	dospeli dug
debt enforcement	prinudna naplata duga
outstanding debt	zaostali dug, neisplaćen dug

defamation *(n.)*	kleveta
deflation *(n.)*	deflacija, padanje cena robe i usluga
deflator *(n.)*	pokazatelj razlike između realnog i nominalnog nacionalnog proizvoda
delimit *(v.)*	razgraničiti, odrediti granicu
deprive *(v.)*	lišiti, oduzeti, obespraviti
determine *(v.)*	odrediti, utvrditi, ustanoviti, odlučiti
differentiate *(v.)*	praviti razliku između, diferencirati
dismiss *(v.)*	otpustiti, oterati; ne hteti uvažiti; odbiti (tužbu, priziv)
to dismiss the appeal	odbiti žalbu
dismissal *(n.)*	otpuštanje
dismissal from work	otkaz radniku
summary dismissal	momentalan otkaz
dispute *(n.)*	spor, prepirka, svađa
dispute at law	pravni spor
distinct *(adj.)*	jasan, izrazit, zaseban, odvojen, odelit, poseban
demand *(n.)*	tražnja, zahtev, tražbina, potražnja
distribution *(n.)*	raspodela, podela; rasprostranjenost
distributor *(n.)*	prodavač, distributer
downpayment	avans, prva delimična uplata iznosa po kupoprodajnom ugovoru
downsizing *(n.)*	smanjenje broja zaposlenih
duty *(n.)*	dužnost, obaveza, služba, posao
to have a duty	biti obavezan
duty of care	dužnost razumne brižnje
earmark *(v.)*	nameniti
earmarked *(adj.)*	namenjen
earmarked funds	namenska sredstva
earnings *(n.)*	*(pl.)* plata, prihod, primanja, zarada, dobit
foreign exchange earnings	devizni prihodi
gross earnings	bruto zarada
economic (*adj.)*	ekonomski, privredni; koji je povezan sa trgovinom i industrijom; koji se odnosi na ekonomsko stanje države; koji obezbeđuje dovoljno novca; najefikasniji, najprofitabilniji;
economic depression	ekonomska kriza
economic environment	ekonomsko okruženje, ukupno stanje u ekonomiji
economic growth	ekonomski rast
economic stability	ekonomska stabilnost
economical *(adj.)*	ekonomičan, štedljiv, rentabilan
economics *(n.)*	ekonomija (nauka)
economise *(v.)*	ekonomisati, štedljivo gospodariti
economist *(n.)*	ekonomista

economy *(n.)*	privreda, ekonomija; finansijsko stanje države; poslovne aktivnosti države; štedljivost, ekonomičnost
elaborate *(adj.)*	potpun, savršen, razrađen, složen
employ *(v.)*	upotrebiti, koristiti se, uposliti
employee *(n.)*	nameštenik, službenik; (pl.) osoblje
employer *(n.)*	poslodavac
employment *(n.)*	nameštenje, služba; zaposlenost; upotreba
full employment	puna zaposlenost
self-emloyment	samozapošljavanje; rad sa sopstvenim sredstvima za proizvodnju, samostalni lični rad sredstvima u svojini građana
enact *(v.)*	ozakoniti, odrediti, propisati, narediti
enactment *(n.)*	zakonska odredba, uredba, ozakonjenje, zakon
enforce *(v.)*	staviti na snagu, sprovesti, nametnuti, prisiliti
enforceable *(adj.)*	zakonski uteriv, zakonski sprovodiv
enforcement *(n.)*	sprovođenje, nametanje, prisiljavanje
engage *(v.)*	obavezati se, najmiti, zaposliti, uposliti se
engagement *(n.)*	obaveza, angažman, zaposlenje, služba
enterprise *(n.)*	preduzeće, poduhvat; preduzetnost
business enterprise	privredno preduzeće
free enterprise	slobodna inicijativa
entitle *(v.)*	ovlastiti, dati pravo
to be entitled to	imati pravo na
entrepreneur *(n.)*	samostalan/slobodan preduzetnik
entrepreneurial *(adj.)*	preduzetnički
entrepreneurial spirit	preduzetnički duh
entrepreneurship *(n.)*	preduzetništvo (samostalno)
equity *(n.)*	pravednost, sistem pravednosti; (pl.) obične akcije, kapital koji predstavljaju obične akcije; vlasnički interes u firmi; sopstveni vlasnički kapital; neto vrednost aktive; vrednost imovine
equity	(E) sistem pravednosti (u pravu)
equity capital	akcijski kapital
owner's equity	vlasnički akcijski kapital, neto imovina, ukupan kapital
estate *(n.)*	gazdinstvo, dobro, imanje, posed
real estate	nepokretna imovina, nekretnina
estimate *(v.)*	ceniti, oceniti, proračunati; proceniti
to estimate the damage	proceniti štetu
estimation *(n.)*	ocena; predračun; poštovanje; procena
evaluate *(v.)*	proceniti, oceniti, ceniti
evaluation *(n.)*	procena, ocena, procena vrednosti

evidence *(n.)*	dokaz, dokazni materijal; podatak
evidence account	evidencioni račun
audit evidence	dokaz revizije
conclusive evidence	uverljiv dokaz
material evidence	materijalni dokaz
exceed *(v.)*	premašiti, prevazići
exchange *(n.)*	razmena, zamena, menjanje; berza
foreign exchange	devize
foreign exchange reserves	devizne rezerve
stock exchange	berza
expenditure *(n.)*	izdatak, trošak, potrošnja, rashod
budgetary expenditure	budžetska potrošnja
capital expenditure	investiciona potrošnja (ulaganje u osnovna sredstva)
government expenditures	budžetski rashodi, državni izdaci
public expenditures	javni/državni rashodi, društvena potrošnja
revenue expenditure	novac potrošen na poslovanje
expense *(n.)*	izdatak, rashod, trošak, *(pl.)* troškovi
expense account	reprezentacija
business expenses	troškovi poslovanja
contingent expenses	nepredviđeni troškovi
overhead expenses	režijski troškovi
extensive *(adj.)*	obiman, opsežan
fabric *(n.)*	materijal, tekstil, struktura, sistem, organizacija
fair *(adj.)*	pravičan
finance *(n.)*	finansije, finansijska sredstva
financial *(adj.)*	finansijski, novčani
financial management	finansijski menadžment
financial period	obračunski period
financial report	finansijski izveštaj
fine *(n.)*	novčana kazna
finite *(adj.)*	konačan, ograničen
forgo *(v.)*	odreći se, lišiti se, propustiti
former *(adj.)*	prethodni, raniji bivši, prvi
the former	prvopomenuti, prvi/prva/prvo od dvoje/dve/dva
franchise *(n.)*	franšiza; povlastica, koncesija, dozvola rada
franchisee *(n.)*	korisnik franšize
franchiser *(n.)*	franšizer
goods *(n.)*	dobro, roba
consumer goods	roba široke potrošnje
damaged goods	oštećena roba
economic goods	ekonomska dobra
faulty goods	neispravna roba
free goods	slobodna dobra

goods in bond	rinfuza
goods-producing industries	proizvodna delatnost; robna proizvodnja
manufactured goods	gotovi proizvodi, fabrikati
goodwill *(n.)*	gudvil, predstavlja dobru reputaciju preduzeća i veze firme razvijene godinama, ugled, renome
harm *(n.)*	šteta, povreda, zlo, nepravda
hire *(v.)*	unajmiti, angažovati, zaposliti
ignorance *(n.)*	neznanje, nepoznavanje
imply *(v.)*	nagoveštavati, ukazivati
income *(n.)*	prihod, dohodak: plata ili nadnica kada je u pitanju osoba; prihod od prodaje kada je u pitanju kompanija; zarada od investicija
gross income	bruto dohodak
income account	račun prihoda
income in kind	prihod u naturi
net income	neto prihod
nominal income	nominalni dohodak
real income	realni dohodak
tax income	porez na dohodak
incurr *(v.)*	pretrpeti, izložiti, snositi
to incur losses/debts	pretrpeti gubitke
inflation *(n.)*	inflacija
inflation accounting	inflaciono računovodstvo
inflation rate	stopa inflacije
inherent *adj.*	urođen, svojstven
initiate *(v.)*	započeti, pokrenuti, uvesti
injury *(n.)*	šteta, oštećenje; povreda, ozleda; uvreda
input *(n.)*	ulog, doprinos, ulaganje; input; proizvodna sredstva; uložena proizvodna sredstva; unos podataka; ulazni materijal; ulaz
input and output	ulaganje i ostvarenje (proizvodnja)
fixed inputs	fiksna ulaganja
insurance *(n.)*	osiguranje
intangible *(adv.)*	neopipljiv, nematerijalan
intrapreneur *(n.)*	preduzetnik u okviru korporacije
intrapreneurship *(n.)*	preduzetništvo (u okviru korporacije)
invest *(v.)*	uložiti, plasirati, plasirati novac, investirati
irrevocable *(adj.)*	neopoziv, nepovratan, neminovan
judge *(v.)*	suditi, osuditi, prosuditi, oceniti
judge *(n.)*	sudija
judicial *(adj.)*	sudski, koji se odnosi na sud
judiciary *(n.)*	sudstvo, sudska vlast, pravosuđe
justice *(n.)*	pravednost, pravda, pravo, sud, sudija

labour *(n.)*	rad; radna snaga; radnička klasa
hired labour	najamni rad; najamna radna snaga
labour exchange	berza rada, zavod za zapošljavanje
labour force	radna snaga
lapse *(v.)*	isteći, zastareti, zapasti, upasti
lapse *(n.)*	greška; pad; tok; zastarelost
latter *(adj.)*	kasniji, docniji, pozniji, potonji
the latter	drugopomenuti, poslednji od dvoje/dve/dva
law *(n.)*	pravo, zakon
law-abiding	koji se pridržava zakona
administrative law	upravno pravo
attorney at law	(A) advokat
applicable law	primenjivo pravo
civil law	građansko pravo
civil law system	(evropsko) kontinentalno pravo
common law	englesko precedentno pravo, englesko pravo
commercial law	trgovinsko pravo
company law	kompanijsko pravo
constitutional law	ustavno pravo
court of law	sud
criminal law	krivično pravo
revenue law	finansijsko pravo
statute law	statutarno paravo, pisano pravo
lawful *adj.*	zakonit, koji je u skladu sa zakonom
legal *adj.*	zakonski, zakonit, legalan, dopušten, pravni, pravnički
lack *(v.)*	nedostajati, manjkati, oskudevati
lack *(n.)*	nedostatak, pomanjkanje, nestašica, oskudica
lay *(n.)*	položiti, staviti spustiti, izložiti, nametnuti
to lay a complaint	podneti tužbu
to lay off	otpustiti sa posla (privremeno)
to lay the damages	tražiti naknadu štete
lay-off *(n.)*	privremeno otpustiti s posla
lay-pay *(n.)*	(A) otpremnina
legislative *(adj.)*	zakonodavan
lend *(v.)*	pozajmiti, dati na zajam
to lend money at interest	pozajmiti novac uz kamatu
lender *(n.)*	zajmodavac, kreditor, poverilac
liability *(n.)*	odgovornost; obaveza; (pl.) pasiva, dugovanje
civil liability	građanska odgovornost
criminal liability	krivična odgovornost
joint and several liability	solidarna odgovornost
liability management	upravljanje pasivom, upravljanje obavezama

limited liability	ograničena odgovornost
personal liability	lična odgovornost
unlimited (joint) liability	neograničena (solidarna) odgovornost
liabilities *(n.)*	*(pl.)* pasiva, finansijske obaveze, dugovanja, obveznice
fixed liabilities	dugoročne obaveze
long-term liabilities	dugoročne obaveze
short-term financial liabilities	kratkoročne finansijske obaveze
libel *(n.)*	kleveta u pisanoj formi
license *(v.)*	odobriti, dati dozvolu, patentirati
licence *(n.)*	licenca, dozvola, odobrenje, koncesija
limited, Ltd. *(adj.)*	ograničen, sa ograničenom odgovornošću
limited company (Ltd.)	kompanija sa ograničenom odgovornošću (njeni članovi su odgovorni za svoje dugove samo do ograničenog iznosa svojih akcija; u Britaniji to je Limited ili Ltd., a u SAD to je Incorporated ili Inc.
litigation *(n.)*	parnica, parničenje, sudski spor
loss *(n.)*	gubitak
macroeconomics *(n.)*	makroekonomija
major *(adj.)*	veći, glavni, prvi, vodeći, značajan
marginal *(adj.)*	granični, marginalni
marginal utility	granična korisnost
market *(n.)*	tržište
free market	slobodno tržište
material *(n.)*	materijal, građa
material accounting	materijalno knjigovodstvo
material costs	materijalni troškovi
building/construction materials	građevinski materijal
man-made material	veštački materijal
material evidence	materijalni dokazi
scarce material	deficitarni materijal
microeconomics *(n.)*	mikroekonomija
money *(n.)*	novac, imovina, moneta
money supply	novčani opticaj (ukupna količina novca u opticaju) novčana masa
neat *(adj.)*	uredan, valjan, čist, tačan, jednostavan
negligence *(n.)*	nemar, nepažljivot, nehat (u pravu)
gross negligence	grub nehat
notice *(n.)*	obaveštenje, opomena; otkaz
notice to quit	obaveštenje o napuštanju (posla, ugovora, zakupa, itd.)
objective *(n.)*	cilj, svrha, namena
obscure *(v.)*	učiniti nerazumljivim ili nejasnim

output *(n.)*	produkcija, proizvodnja; učinak; autput; ostvarenje
a rise in output	povećanje proizvodnje
daily output	dnevna proizvodnja, dnevni učinak
labour output	radni učinak
marginal output	marginalna proizvodnja
total output	ukupna proizvodnja
outstanding *(adj.)*	izrazit, istaknut, ; nenaplaćen, zaostao (dug)
outstanding balance	neizmireni saldo
outstanding work performance	izvanredni rezultati rada
own *(v.)*	imati, posedovati
owner *(n.)*	vlasnik, sopstvenik
ownership *(n.)*	svojina, vlasništvo
partner *(n.)*	ortak, učesnik, partner
general partner/full partner	ortak sa svim pravima
incoming and outgoing partners	novi/dolazeći ortaci i stari/odlazeći ortaci
infant partner	maloletni ortak
limited partner	ortak sa ograničenim pravima, komanditar
nominal partner	nominalni ortak
sleeping partner/inactive/dormant	ortak koji ne radi/pasivni ortak
partnership *(n.)*	ortakluk, ortačko društvo
general partnership	javno trgovačko društvo, društvo sa neograničenom odgovornošću
limited partnership	komanditno društvo
pay *(v.)*	platiti, isplatiti, isplatiti se
to pay on demand	platiti na zahtev
to pay on sight	platiti po viđenju
to pay by instalments	platiti u ratama
to pay damages	platiti štetu
to pay on delivery	platiti prilikom isporuke
to pay out	isplatiti
pay *(n.)*	plata, nagrada, najamnina, prinadležnosti
daily pay	nadnica
pay order	platni nalog
severance pay	otpremnina
payment *(n.)*	plaćanje, isplata, uplata
payroll *(n.)*	platni spisak
payroll clerk	referent za obračun ličnih dohodaka
penalty *(n.)*	kazna
performance *(n.)*	izvođenje, izvršenje, ispunjenje, obavljanje, rad, učinak, postignuti rezultati
business performance	rezultati poslovanja
contract performance	ispunjenje ugovora
financial performance	finansijski rezultati
work performance	rezultati rada, radni učinak

persistent *(adj.)*	ustrajan, uporan, dosledan
person *(n.)*	osoba, lice, ličnost
legal person	pravno lice
natural person	fizičko lice
plaintiff *(n.)*	tužitelj
policy *(n.)*	politika, polisa
business policy	poslovna politika
fiscal policy	fiskalna politika, budžetska politika
foreign exchange policy	devizna politika
foreign trade policy	spoljnotrgovinska politika
insurance policy	polisa osiguranja
monetary policy	monetarna politika
pollutant *(n.)*	zagađivač
pollution *(n.)*	zagađivanje
environmental pollution	zagađivanje čovekove okoline
pose *(v.)*	predstavljati
positive *(adj.)*	određen, jasan; utvrđen, neoboriv, nepobitan; izvestan
power	snaga, moć, vlast; uticaj, ovlašćenje; pravo
precedent *(n.)*	slučaj koji služi kao primer za kasnije slučajeve, precedent, presedan
price *(n.)*	cena, vrednost
accounting price	obračunska cena
bargain price	reklamna cena
blanket price	paušalna cena
lump-sum price	paušalna cena
price stability	stabilnost cena
price-fixing	fiksiranje cena, određivanje cena, održavanje cena na određenom nivou
price mechanism	mehanizam cena, cenovni mehanizam
pricing *(n.)*	određivanje cena, obrazovanje cena
proceedings *(n.)*	sudski postupak
product *(n.)*	proizvod, izrađevina
gross national product (GNP)	bruto nacionalni proizvod, društveni proizvod
gross domestic product (GDP)	bruto domaći proizvod
production *(n.)*	proizvodnja
prominent *(adj.)*	istaknut, ugledan, važan
property *(n.)*	imovina, svojina, vlasništvo
immovable property	pokretna imovina
movable property	nepokretna imovina
private property	privatna imovina/svojina
public property	društvena/opštenarodna imovina; javna imovina
socially-owned property	društvena/opštenarodna imovina
state property	državna svojina

proprietor *(n.)*	vlasnik
proprietorship *(n.)*	(pravo na) vlasništvo; neinkorporirana firma, firma koja nije upisana u registar kao kompanija, koja je u vlasništvu jedne osobe i kojom upravlja samo jedna osoba
sole proprietorship	(E) isključivo pravo vlasništva; (A) inokosno preduzeće
public *(adj.)*	državni, javni, opšti
purchase *(n.)*	kupovina, nabavka, otkup
purchase and sale	kupoprodaja
purchase contract	ugovor o kupovini
purchase of goods	nabavka robe
purchase ledger	knjiga nabavke
purchase order	narudžba
hire purchase (HP)	kupovina na otplatu
pursue *(v.)*	pratiti, nastaviti, baviti (se nečim); držati se, sprovoditi; slediti (politiku, smernice)
record *(v.)*	zabeležiti, beležiti, evidentirati, upisati, zavesti, registrovati, knjižiti
record *(n.)*	zabeleška, protokol, akt, dokument, podatak, dosije; *(pl.)* evidencija, dokumentacija
accounting records	računovodstvena evidencija
remedy	lek, pravno sredstvo, pravni lek
resource *(n.)*	izvor, sredstvo; *(pl.)* novčana sredstva; *(pl.)* (ili assets) aktiva; *(pl.)* resursi, bogatstva zemlje
allocation of resource	usmeravanje sredstava, raspodela sredstava, dodela sredstava, alokacija resursa
to earmark resources	izdvojiti sredstva
reallocation of resources	preusmeravanje sredstava
human resources	ljudski resursi
to manage resources	raspolagati sredstvima
natural resources	prirodni resursi
retail *(n.)*	maloprodaja, prodaja na malo
retail banking	bankarski poslovi sa stanovništvom
retail network	maloprodajna mreža
retailer *(n.)*	trgovac na malo
revenue *(n.)*	dohodak, prihod, državni prihodi
revenue expenditure	novac potrošen na poslovanje
government/state revenue	budžetski prihodi
rig *(v.)*	namestiti (izbore)
run *(v.)*	upravljati, voditi poslove
to run business	voditi posao
rule *(v.)*	upravljati, vladati, odlučiti, narediti
rule *(n.)*	pravilo, propis, odluka, vladavina

salary *(n.)*	plata (mesečna), lični dohodak, zarada
saving *(n.)*	štednja; ušteda
scarcity *(n.)*	oskudnost, oskudica, retkost
scope *(n.)*	delokrug, obim, okvir (zadatka) oblast (rada)
seek *(v.)*	tražiti, pokušavati
service *(n.)*	služba, usluga, servis, korist; *(pl.)* usluge, uslužne delatnosti; nerobna proizvodnja
public accountancy service	služba društvenog knjigovodstva
public services	komunalne službe (gas, voda, struja)
public utility service	komunalna služba, komunalno preduzeće
service industry	tercijarna delatnost, uslužna delatnost
utility services	komunalije, komunalne usluge
share *(n.)*	akcija, udeo, deo
share capital	akcijski kapital, sopstvena sredstva
market share	udeo na tržištu
solicitor *(n.)*	(E) advokat, pravni zastupnik koji ne može da zastupa pred višim sudom
slander *(n.)*	kleveta u usmenoj formi
state *(v.)*	izjaviti, iskazati, objaviti, konstatovati, izneti
statement *(n.)*	iskaz, izveštaj, saopštenje, izlaganje konstatacija
statement of cash flow	iskaz/izveštaj o novčanom toku
statement of income	(A.) bilans uspeha
substantiate *(v.)*	potkrepiti, dokazati
substantive *(adj.)*	stvaran, realan, bitan, znatan
substantive law	materijalno pravo
sue *(v.)*	tužiti sudu, podneti molbu
to sue for damages	tužiti za naknadu štete
supervise	nadgledati, voditi računa, nadzirati
supply *(n.)*	ponuda, snabdevanje; (pl.) zalihe;
to match supply and demand	uskladiti ponudu i tražnju
stock supplies	zalihe robe
supply and demand	ponuda i tražnja
supplies on hand	raspoložive zalihe
tangible *adj.*	opipljiv, stvaran, materijalan
task *(n.)*	zadatak, rad
tax *(n.)*	porez, taksa, dažbina
taxes and dues	porezi i takse
capital gains tax	porez na kapitalnu dobit
income tax	porez na porez na dohodak
gift tax	porez na poklone
to levy a tax on	ustanoviti/utvrditi/razrezati porez na
track *(v.)*	pratiti, tragati, istraživati

trade *(n.)*	trgovina, robna razmena; zanat, profesija
traffic *(n.)*	promet, trgovina; saobraćaj
freight traffic	robni saobraćaj
goods traffic	promet robe
traffic congestion	zakrčenje/zagušenje saobraćaja
trespass *(v.)*	ometati tuđi posed
ultimately *(adv.)*	konačno, na kraju krajeva
utility *(n.)*	korisnost, komunalna služba, sredstvo
public utility	komunalno preduzeće
public utilities	javne službe, komunalne usluge
venture *(n.)*	rizičan poduhvat; rizik; špekulacija
business venture	rizičan poslovni poduhvat
venture company/start-up company	nova kompanija, kompanija koja tek počinje da posluje
wage *(n.)*	*(obično pl.)* plata, najmnina, nadnica, zarada
will *(n.)*	snaga, volja; poslednja volja; testament
to make a will	sačiniti testament
worker *(n.)*	radnik; *(pl.)* radni ljudi
blue-collar worker	proizvodni radnik
full-time worker	radnik koji radi puno radno vreme
highly-skilled worker	visokokvalifikovani radnik
manual worker	fizički radnik
part-time worker	delimično zaposlen radnik
semi-skilled worker	polukvalifikovani radnik, priučeni radnik
skilled worker	kvalifikovani radnik
unskilled worker	nekvalifikovani radnik
white-collar worker	činovnik
wholesale *(n.)*	trgovina na veliko, veleprodaja
wholesale and retail trade	robni promet, trgovina na veliko i malo
wholesaler *(n.)*	trgovac na veliko, grosista
workforce *(n.)*	radna snaga
write off *(v.)*	otpisati, amortizovati
year *(n.)*	godina
calendar year	kalendarska godina
fiscal year	fiskalna godina, (E.) budžetska godina