FIRST TERM SCHEME OF WORK

1.MEANING OF ECONOMICS AND RELATED CONCEPTS:

I. Definition, scope, importance and methodology of Economics.

Ii. Economics as a science.

Concepts of wants, scarcity, and scale of preference, choice and opportunity cost.

2. BASIC TOOLS OF ECONOMIC ANALYSIS:

I. Graphs, charts, table with relevant examples.

Ii. Construction of frequency distribution.

3. BASIC TOOLS OF ECONOMIC ANALYSIS:

I. Measures of central tendencies- meaning.

Ii. Types (mean, mode and median) merits and demerits and simple application.

4. CONCEPTS OF DEMAND AND SUPPLY:

I. Price system, Demand - meaning, schedules, curves, laws.

Ii. Factors affecting demand.

5. CONCEPTS OF DEMAND AND SUPPLY:

I. Meaning of supply, schedules, curves and laws.

Ii. Factors affecting supply.

6. CONCEPTS OF DEMAND AND SUPPLY:

I. Determinants of equilibrium price, quantity d point with simple applications.

7. THEORY OF PRODUCTION:

I. Meaning of production.

Ii. Types of production.

III. Factors of production.

8. THEORY OF PRODUCTION:

I. Meaning of division.

Ii. Meaning of specialization.

III. Advantages, disadvantages, and limitations of division of labour.

- *THEORY OF PRODUCTION:*
  - *Scale of production.*
  - *Advantages and disadvantages of large scale production.*
  - *Limitations of Scale of Production.*
- *BASIC ECONOMIC PROBLEMS OF THE SOCIETY.*
  - *What to produce?*
  - *How to produce?*
  - *For whom to produce?*
  - *Efficiency of resources use.*
- *BASIC ECONOMIC SYSTEMS OF THE WORLD:*
  - *Definition of economic system.*
  - *Types of economic system (capitalism)*
  - *Advantages and disadvantages of capitalism.*
- *BASIC ECONOMIC SYSTEMS OF THE WORLD:*
  - *Types of economic system(socialism, & mixed economy)*
  - *Advantages and disadvantages of the above economic systems.*
- *REVISION.*
- *EXAMINATION.*

WEEK 1: DEFINITION OF ECONOMICS

The definition of Economics has evolved over time. This is simply because man over time realized that there is a need to solve the ultimate human problem of scarcity of resources. This has led to various modifications and improvement to the definition of Economics. Some of the definitions of Economics are as follow:

WEALTH DEFINITION BY ADAM SMITH 1776(THE FATHER OF ECONOMICS):

" Economics is defined as inquiry into the nature and causes of wealth of nations." To him, Economics is all about the making of wealth.

WELFARE DEFINITION BY ALFRED MARSHAL 1890

"Economics is defined as the study of mankind in the ordinary business of life." He emphasizes that Economics has something to do with the study of human beings in relations to their daily Economic activities.

GROWTH DEFINITION BY P.A SAMUELSON 1948

Economics is the study of how societies use scarce resources that have alternative uses to produce valuable goods and services and distribute them amongst different individuals.

SCARCITY DEFINITION BY PROFESSOR (LORD) LIONEL C. ROBBINS 1932

This is the most generally acceptable definition of Economics. He defined Economics as a social science which studies human

behavior as a relationship between ends and scarce means which have alternative uses.

This definition is all embracing because it covers some major aspects of Economics such as scarcity, wants, human behavior and choice. The ends in the definition refer to human wants, desires or needs. Human wants are numerous or many relative to available resources required to satisfy them. The scarce means refers to the limited Available resources used in satisfying the numerous human wants. The alternative uses in the definition means that these scarce resources can be used for different purposes.

SCOPE OF ECONOMICS

Economics belongs to a group of subjects called social sciences. Economics is regarded as a social science because it studies human behavior. For example, if the price of a commodity rises, people will buy less, while if the price of such commodity decreases, people will buy more, all things being equal.

Economics is science because it adopts scientific method to arrive at a conclusion, or derive data. The method involves observation, formulating hypothesis, collection of data, organization/analyzing the data, formulating laws, testing the laws and predicting on the basis of the laws.

BASIC CONCEPTS OF ECONOMICS

The basic concepts of Economics are: wants, scarcity, scale of preference, choice and opportunity cost.

WANTS

Wants maybe defined as insatiable desire by human beings to own goods or services that give satisfaction. E.g. food, housing, shoes,

clothing, cars, phones, tailoring, carpentry and medical. Etc.

Or it can be defined as mere desire for a commodity or service to derive satisfaction. Human wants are said to be insatiable (unsatisfiable) because the means of satisfying them are limited or scarce.

N.B: the difference between wants and demand is in the ability and willingness to pay for the commodity.

SCARCITY

Scarcity means limited supply of resources which are used for the satisfaction of unlimited wants. Or

Limited Available resources relative to unlimited wants. E.g as a student, you will need to buy school materials like exercise books(#400) and pen(# 100) worth (#500) but you have #300 only. It can be seen that the money which is the resources, is limited relative to the wants.

- *B: Scarcity is regarded as a fundamental problem in Economics. There would e no economic problem if resources are not scarce, hence Economics is sometimes defined as the study of scarcity.*

SCALE OF PREFERENCE

Scale of preference is defined as a list of unsatisfied wants arranged in the order of their relative importance. For example;

John's Scale of preference with #70,000 income.

ITEMS NEEDED	*PRICE(#)*
Textbooks	*5400*
School uniform	*50000*

Pair of shoes	***10000***
Calculator	***2000***
Pressing iron	***5100***
Wrist watch	***5500***

The above table represents John's Scale of preference. He has carefully arranged all his numerous wants in order of priority. Since John has only # 70,000, he can only purchase textbooks, school uniform, a pair of shoes, and calculator. Because his resources are limited, he has to choose the first four items which he can afford based on his resources.

IMPORTANCE OF SCALE OF PREFERENCE

- ***It helps us to rank our needs in order of their relative importance.***
- ***It assists us to identify quickly the most important needs among others.***
- ***It assists individuals, business firms, and governments to make rational choices in the list of wants.***
- ***It makes individuals to make efficient utilization of resources.***
- ***It helps in optimum allocation of resources by ensuring the best or most ideal use of our resources in the country.***

CHOICE

This is the system of choosing or selecting out of different alternatives. Choice arises as a result of numerous human wants and the scarcity of resources used in satisfying these wants.

OPPORTUNITY COST(REAL/TRUE COST)

Opportunity cost is defined as an expression of cost in terms of forgone

alternative(s). It is the satisfaction of one's wants at the expense of another want. E.g a student, who has only #200.00 to buy a bottle of Pepsi (#150.00) and doughnut(#100), will have to sacrifice one of the items owning to the limited resources (#200.00). If the student buys a bottle of Pepsi, doughnut then becomes the opportunity cost.

- ***B: opportunity cost is different from money cost is the amount of money spent to own a product or service. E.g the (#150.00) paid for a bottle of Pepsi is the money cost or accounting cost.***

IMPORTANCE OF OPPORTUNITY COST

- ***It helps to make wise choice between competing wants.***
- ***It assists individuals to make maximum use of resources relative to their unlimited wants.***
- ***It helps industries in deciding the techniques of production.***
- ***It helps the government in the preparation of budget.***

IMPORTANCE OF STUDYING ECONOMICS

- ***It enables the government to allocate scarce resources.***
- ***It enables the individuals to make rational choices.***
- ***It helps us to utilize the principles of choice, opportunity cost, scale of preference, etc in order to satisfy human wants.***
- ***It helps businessmen and women to maximize their profits using Economic principles.***
- ***It assists the government to determine the expected income and expenditure of a country.***
- ***Graduates in Economics are employed in different financial***

establishments or schools as teacher.

WEEK 2: BASIC TOOLS OF ECONOMIC ANALYSIS

Tools of economic analysis are the kids or technicalities used in economics for the analysis, interpretation and presentation of ideas or data. They include tables, graphs, charts, measures of central tendency and measures of dispersion.

TABLE

A table is an orderly arranged list of information, facts and data in rows and columns for presentation which makes it easier for better understanding. Tables are the most commonly used tool for economic analysis.

E.g; Number of vehicles demanded in a country.

PRICE(#)	*NO. OF VEHICLES DEMANDED*
500,000	*800*
2,000,000	*500*
4,500,000	*300*
8,000,000	*120*

The above table shows that more vehicles ere demanded at lower prices than higher prices.

CHARACTERISTICS OF A TABLE

- ***A table must be very simple***
- ***It must be very easy to understand***

- ***It must have a title or heading***
- ***The purpose of constructing the table must be stated***

IMPORTANCE OF TABLES

- ***A table helps to summarize the data presented.***
- ***It assists in an orderly arrangement of data.***
- ***It aids in comparison by presenting data in rows and columns.***
- ***It makes it easier and faster to make decision through the use of table.***

GRAPHS

Graph is defined as a diagram showing a functional relationship between two variables. Examples are line graphs, pie graphs(or charts), bar graphs, pictographs (pictogram), histogram.

FEATURES OF GRAPH

- ***All graphs must have a title.***
- ***Graphs must have appropriate scales.***
- ***Graphs must be labeled properly for better understanding.***
- ***The X and Y axes of the graph must carry different variables.***
- ***Graphs must show the source of data presented.***
- ***All graphs must have X- axis on the horizontal side and Y-axis on the vertical side.***
- ***The unit of measurement must be indicated.***

LINE GRAPH

A line graph is a chart with points connecting the highest and lowest points of a group of data. Line graph could be Straight or curved.

Represent the following information by a line graph

- ***g; population of people that lived in Life-camp, ABUJA, between (1990-1995).***

YEAR	***POPULATION***
1990	***10***
1991	***20***
1992	***30***
1993	***35***
1994	***40***
1995	***50***

SPACE FOR DIAGRAM

BAR CHARTS (OR GRAPHS)

A bar graph is a rectangular representation of data on a chart or graph of which the widths are equal and lengths are proportional to the quantities they represent. Types of bar chart include; simple bar chart, component bar chart and multiple bar chart.

- ***B: the body of bars must not touch one another.***

SIMPLE BAR CHART

A simple bar chart is used when the data given are made up of one item or component.

- ***g; cocoa production in Nigeria between 1960 & 1967.***

YEAR	***COCOA PRODUCTION (TONS)***
1960	***7.0***
1961	***1.5***
1962	***3.0***
1962	***6.0***
1964	***4.0***

PICTOGRAM

This is a pictorial representation of a given data on a chart.

HISTOGRAM

This is a rectangular representation of frequency distribution on a chart in such a way that the bodies of bars touch one another.

PIE-CHART

A pie-chart is a circular representation of frequency/data on a chart. It is a simple circle of any convenient size which is divided into sections or sectors, each of which is proportional to the quantity or value it

represents. It can be measured in percentage or degrees with the use of protractor.

Required; Represent the information in the table by means of pie-chart.

- ***g; the value of the most important exports of Nigeria in 1980***

EXPORT PRODUCT	***VALUE IN MILLION***
COCOA	***200***
GROUNDNUT	***140***
PETROLEUM	***240***
COAL	***50***
OTHERS	***90***

SOLUTION

EXPORT PRODUCT	***VALUE IN MILLION***	***WORKINGS IN DEGREE***
COCOA	***200***	***200/720 * 360/1 = 100°***
GROUNDNUT	***140***	***140/720 * 360/1 = 70°***
PETROLEUM	***240***	***240/720 * 360/1 = 120°***
COAL	***50***	***50/720 * 360/1 = 25°***
OTHERS	***90***	***90/720 * 360/1 = 45°***
TOTAL	***720***	***360°***

[redacted]

FREQUENCY DISTRIBUTION

Frequency distribution refers the arrangement of data or information in tabular form to reflect their frequencies. Frequency refers to the number of times a particular event or information is used when data presented are large and most of the numbers may appear more than once.

Example: the marks scored by 24 Economics students in SS1 by frequency distribution using the following data.

SOLUTION

8, 12, 4, 18, 18, 18, 12, 6, 6, 4, 4, 5, 5, 7, 9, 9, 10, 10, 12, 8, 12,18, 18, 18.

SCORE(X)	***TALLY***	***FREQUENCY***
4	***///***	***3***
5	***//***	***2***
6	***//***	***2***
7	***/***	***1***
8	***//***	***2***
9	***//***	***2***
10	***//***	***2***
12	***////***	***5***
18	***~~////~~ /***	***6***
TOTAL		***F =24***

MEASURES OF CENTRAL TENDENCY (WEEK 3)

Measure of central tendency, also called measure of location, is the statistical information that gives the middle or average of a set of data. The following are measures of central tendencies; mean, median and mode.

ARITHMETIC MEAN

The arithmetic mean also popularly referred to as the mean, is the average of a series of figures or values.

Formula ; X = £x/n (ungrouped data)

X = £x/£f (grouped data)

Example 1: calculate the arithmetic mean for the scores of eight students in NECO economics Examination in the year 2000. The scores are: 14, 18, 24, 16, 30, 12, 20 and 10.

SOLUTION

Step 1: add up the numbers or scores

£x = 14+18+24+16+30+12+20+10= 144

Step 2: N= no. of scores =8

Step 3: X = £x/n= 144/8= 18.

Example : calculate the mean of the following sets of numbers:8,16,24,8,12,12, 18, 24,10,16,20,24,24,12,24,12,16,24,18,18.

SOLUTION

NUMBER (X)	TALLY	FREQUENCY (F)	FX

8	*/)*	*2*	*16*
10	*/*	*1*	*10*
12	*////*	*4*	*48*
16	*///*	*3*	*48*
18	*///*	*3*	*54*
20	*/*	*1*	*20*
24	*~~////~~ /*	*6*	*144*
		N=20	*FX= 340*

Formula: X= £fx/n

340/20= 17.

ADVANTAGES OF ARITHMETIC MEAN

- ***It is very easy to calculate.***
- ***It gives an exact value***
- ***It is very easy to understand***
- ***It makes use of all available information in data.***

DISADVANTAGES OF ARITHMETIC MEAN

- ***It may be difficult to obtain without calculations.***
- ***Certain facts in arithmetic may not be revealed.***
- ***It cannot be obtained graphically.***
- ***It may be badly affected by extreme values in a distribution.***

MEDIAN

The median is defined as an average, which is the middle value when figures are arranged in order of magnitude. In an even distribution, the median is the average of the two middle numbers. Formula for median= (n+1)/2

Example: find the median of the following set of values: 2,8,11,13,15,6,9,20, & 7.

SOLUTION

Arrange in either descending r ascending order.

2,6,7,8,9,11,13,15,20.

The median is 9 since it is the one in the middle.

Or median= (n+1)/2

= 9+1/2= 10/2= 5th number. The 5th number is 9.

ADVANTAGES OF THE MEDIAN

- ***Computation in median is very easy.***
- ***It is very easy to understand.***
- ***It is very easy to determine by mere observation.***
- ***It does not involve serious calculations.***

DISADVANTAGES OF THE MEDIAN.

- ***Difficulties come up when large values are involved.***
- ***It tends to ignore extreme values.***
- ***It may not be needed for further statistical calculations.***

- ***The rearrangement of numbers involves a difficult task.***

THE MODE

The most is the most frequently occurred number in a set of numbers or data. Or a Number with the highest frequency in a set of distribution.

- ***B: A set of values with two modes is called bi-modal but when they are more than two modes, it is referred to as multi-modal. A set of numbers with one mode is called uni-modal.***

Example: the marks scored by Economic students in WAEC examinations are as follows: 30, 25, 60,25, 80,60,40,60,80,30 and 25. Calculate the mode the mode.

Frequency table of marks scored by Economics students in WAEC examination.

MARKS(X)	***25***	***30***	***40***	***60***	***80***
FREQUENCY (F)	***3***	***2***	***1***	***4***	***3***

SOLUTION

From the above table, the highest frequency is 4 and this corresponds to a mark of 60. The mode is 60

ADVANTAGES OF THE MODE

- ***It is easy to determine***
- ***It is easy to understand.***
- ***It is very easy to compute***
- ***When data are not complete, mode can be difficult to estimate.***

DISADVANTAGES OF THE MODE

- ***It is not a very good measure of accuracy.***
- ***It represents a very poor average***
- ***It is irrelevant in further statistical calculation.***

THEORY OF DEMAND (WEEK 4)

Demand may be defined as the quantity of goods or services the consumer is willing and able to buy at alternative prices over a given period of time.

In Economics, demand is quite different from want or need. Want or need refers to mere desire for a commodity but not backed up by the willingness and ability to pay for it. In order to differentiate want from demand, we have what we call "effective demand" in Economics.

Thus, effective demand is defined as want backed up by ability and willingness to pay for specific quantities of a commodity at alternative prices and within a period of time.

LAW OF DEMAND

The law of demand states that all things being equal, the higher the price, the lower the quantity of goods that will be demanded , and the lower the price, the higher the quantity of goods that will be demanded. This law is often regarded as the first law of demand and supply.

DEMAND SCHEDULE

Demand schedule can be defined as a table which shows the different quantities of a commodity that would be bought at various prices and at a particular time.

There are two types of demand schedule; individual and market demand schedule

- ***INDIVIDUAL DEMAND SCHEDULE***

  This is a table which shows the different quantities of a commodity which an individual consumer is willing and able to purchase at various prices and at a particular time.

  Example; Mr. John's Demand schedule for tins of milk.

PRICE(#)	***QUANTITY DEMANDED (NO. Per WEEK)***
100	***10***
80	***20***
60	***30***
40	***40***
20	***50***

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- ***MARKET DEMAND SCHEDULE***

  This is also known as aggregate/total demand schedule. It is a table which shows the total quantities of a commodity which all consumers of that commodity are willing and able to buy at various prices, and at a particular time.

  Example; A market demand schedule for milk

Price(#)	***Quantity Demanded By***	***Total Quantity purchased per week***

Price(#)	*Quantity Demanded By*					*Total Quantity purchased per week*
	Mr. Ojo	*Ms Jane*	*Mr. Ben*	*Mrs. Rita*	*Mrs. Clark*	
100	*10*	*5*	*5*	*10*	*10*	*40*
80	*20*	*10*	*15*	*15*	*20*	*80*
60	*30*	*15*	*20*	*20*	*35*	*120*
40	*40*	*20*	*25*	*30*	*45*	*160*
20	*50*	*40*	*45*	*50*	*55*	*240*

DEMAND CURVE

Demand curve is a graph showing the relationship between the price and quantity of a commodity demanded.

- ***B: there is a negative relationship between price and quantity demanded because the higher the price, the lower the quantity demanded and vice versa. A normal Demand curve is convex to the point of origin.***

SPACE FOR DIAGRAM

FACTORS AFFECTING DEMAND

- ***Price: ceteris paribus, the higher the price, the lower the quantity demanded and the lower the price, the higher the quantity demanded.***
- ***Price of other commodities: this applies to commodities that have close substitutes. all things being equal, if the price of such a commodity is high, the consumer may demand for close substitute.***

- ***Income of the consumer: all things being equal, the higher the income of the consumer, the higher the quantity of commodities demanded and vice versa.***
- ***Advertisement: all things being equal, a good advertisement will increase demand for a commodity and vice versa.***
- ***Taxation: all things being equal, an increase in taxation means a reduction in purchasing power of the consumers' income which may result in a decrease in demand for certain commodities.***

THEORY OF SUPPLY (WEEK 5)

Supply may be defined as the quantity of goods the producer is able and willing to offer for sale at alternative prices over a given period of time.

The supply of a commodity is different from total stock of goods which the producer has produced. Supply simply refers only to the part of the total production offered for sale at the ruling market price and at a particular time. This is referred to as effective supply.

N B: there is a positive relationship between supply and price.

LAW OF SUPPLY

The law of supply states that, all things being equal, the higher the price, the higher the quantity supplied and the lower the price, the lower the quantity supplied. This law is often regarded as the second law of demand and supply.

SUPPLY SCHEDULE

The supply schedule is a table which shows different quantities of a commodity which the producer is willing and able to offer for sale at different prices over a given period of time. There are two types of supply

schedule; individual and market supply schedule.

- ***INDIVIDUAL SUPPLY SCHEDULE***

  This is a table which shows different quantities of a commodity which a producer is able and willing to offer for sale at various prices and at a particular time.

  Example: Mr. Duke's supply schedule for bags of rice.

PRICE(#)	***QUANTITY SUPPLIED (No. Of Bags)***
100	***50***
80	***40***
60	***30***
40	***20***
20	***10***

- ***MARKET SUPPLY SCHEDULE***

  A market supply schedule is a table which shows the total quantity of a commodity which all producers of that commodity are willing and able to supply at various prices, at a particular period of time.

  Example: Market supply schedule

PRICE(#)	***Quantity Supplied By***			***Total quantity supplied.***
	Mr. Oke	***Mr. Ken.***	***Mrs. Jane***	
100	***60***	***90***	***100***	***250***
80	***40***	***70***	***90***	***200***

60	***30***	***50***	***70***	***150***
40	***20***	***30***	***50***	***100***
20	***10***	***15***	***25***	***50***

SUPPLY CURVE

Supply curve is a graph showing the relationship between price and quantity of that commodity supplied. There are individual and market supply curve.

INDIVIDUAL SUPPLY CURVE

Supply curve is a graph showing the relationship between price and quantity of that commodity supplied by a individual producer.

SPACE FOR DIAGRAM

MARKET SUPPLY CURVE

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- ***Price: all things being equal, the higher the price, the higher the quantity supplied and vice versa.***
- ***Level of technology: all things being equal, improved techniques***

reduce cost per unit of product and increase output or supply.

- *Cost of production: all things being equal, if the cost of production increases, the producer tends to produce less of the commodity and vice versa.*
- *Number of producers: all things being equal, if the number of producers of a commodity increases, there will be corresponding increase in quantity supplied and vice versa.*
- *Price of related commodity: all things being equal, if the price of a substitute like maize rises, the supply of rice will fall and vice versa.*

WEEK 6: DETERMINATION OF EQUILIBRIUM PRICE/QUANTITY

In a perfectly competitive or free market economy, prices are determined by the interaction of demand and supply. The determination of prices by the interaction of the forces of demand and supply is referred to as price System or price mechanism.

Equilibrium Price is the price at which the quantity demanded is equal to quantity supplied. The point where the demand curve meets the supply curve is called equilibrium position or equilibrium point.

The quantity demanded and quantity supplied at equilibrium is called equilibrium quantity.

MARKET DEMAND AND SUPPLY FOR YAM

PRICE(#)	*Quantity Demanded(kg)*	*Quantity Supplied (kg)*
25	*20*	*100*
20	*40*	*80*
15	*60*	*60*

10	***80***	***40***
5	***100***	***20***

From the table and graph above, the equilibrium price is #15.00 because it is the price at which both quantity demanded and quantity supplied are the same, while 60kg is the equilibrium quantity.

THEORY OF PRODUCTION (WEEK 7)

Definition of Production: Production s defined as the creation of goods and services and the distribution of these to the final consumers for the satisfaction of human wants. Production is incomplete until it reaches the final consumer. The Production process involves three major groups of people. They are producers, distributors and consumers.

TYPES OF GOODS

- ***CONSUMER GOODS: they are goods that can satisfy the consumers' immediate needs. E.g Bread, milk, television set, etc. These goods can be grouped into two;***
  - ***Durable goods: they are used over a long period of time, e.g; radio, television set, shoes, shirts, etc.***
  - ***Non-durable goods: they are used up from one use. E.g; meat, egg, bread, etc.***
- ***Producer/Capital Goods: these are goods used by the producers to produce some other commodities or services. E.g; buildings, vehicles, Tailor's tools & machines.***

TYPES OF PRODUCTION

Production is divided into two; Direct and Indirect Production.

- ***Direct Production: this is the type of Production in which an individual produces goods and services only for family use or consumption. It is usually small in size and family labour is employed.***
- ***Indirect Production: this is the type of production in which goods and services are produced in large scale, mainly for sale or exchange for other goods. It is divided into three (3); primary, secondary and tertiary Production.***
- ***PRIMARY PRODUCTION: this refers to the extraction of raw materials provided by nature either from land, air or water, examples; agriculture, mining, lumbering, etc.***
- ***SECONDARY PRODUCTION: this involves the conversion of basic raw materials or semi-finished goods into final forms that are acceptable to the consumers. It involves manufacturing and construction. E.g.; processed foods, houses, cement, clothes, cars, etc.***
- ***TERTIARY PRODUCTION: this is concerned with the provision of commercial and professional services to the people. Commercial service providers; wholesalers, retailers, transporters etc. And the professional service providers; teachers, musicians, hairdressers, lawyers, doctors***

IMPORTANCE OF PRODUCTION

- ***Availability of goods and services: Production helps to ensure that goods and services are made available for use by human beings.***
- ***Provision of employment opportunity: continuous production for***

large population ensures the employment of many people.

- *Acquisition of skills: the engagement of people in production leads them to acquire special skills.*
- *Increase in export potential: Production assists nations to boost her export of goods and services to other nations.*
- *Improvement in standard of living: Production helps to ensure adequate improvement in the standard of living of people since people can have access to enough foods.*

FACTORS OF PRODUCTION

Factors of production refers to agents, components or resources which are combined together to produce goods and services. They include; Land, Labour, Capital and entrepreneur.

LAND

Land in Economics is defined as all free gifts of nature or all natural resources;farmlands, rivers, forest, mineral resources, oceans and atmosphere used in the production of goods and and services.Land is limited/fixed in supply. And the reward for land is rent.

FEATURES OF LAND

- ***Land is immobile***
- ***Land is fixed in supply***
- ***Land has no cost of production.***
- ***Land is subject to diminishing returns.***
- ***The quality and value of land varies from one place to another.***

IMPORTANCE OF LAND

- ***Land is used for cultivation***
- ***Land is used for wildlife purpose.***
- ***Land is used for livestock production.***
- ***Land is used for construction, e.g; roads, houses, bridges, railways..etc.***
- ***Land is used for transportation purposes; vehicles on the land, airplane by air, ship by ocean, etc.***

LABOUR

Labour is defined as all human efforts (both mental and physical) used in the production of goods and services. The reward for labour is wages or salary.

TYPES OF LABOUR

- ***Skilled Labour: this makes use of mental effort in productive activities. They undergo a relatively long and specialized training in higher Institutions. E.g; teachers, accountant, lawyers, engineers, etc. They are referred to as White collar jobs.***
- ***Unskilled Labour: this requires little or no formal education. They make use of physical effort or energy in the productive activities and they are referred to as Brown collar jobs. E.g cleaners, guards, messengers, etc.***
- ***Semi-skilled : workers in this category have enough mechanical abilities/skills to operate machinery. They can operate basic equipments; floor polishers, dishwashers etc.***

FEATURES OF LABOUR

- ***Labour is mobile.***
- ***Labour is skillful.***
- ***Labour requires motivation.***
- ***Labour has initiative.***
- ***Labour is not fixed in supply.***

IMPORTANCE OF LABOUR

- ***Labour provides required skill in the process of Production.***
- ***Labour is used in the productive activities.***
- ***Labour influences other factors of production.***
- ***Labour is required in industries to operate machines and carryout the various production processes.***

CAPITAL

Capital is defined as man-made wealth or goods used to produce other goods and services. E.g; Cash, hoes, vehicles, raw materials, machines, buildings, and semi-finished goods, etc. The reward for capital is interest.

FEATURES OF CAPITAL

- ***Capital is man-made.***
- ***It is durable.***
- ***It ensures large production.***

- ***It is subject to depreciation.***
- ***It promotes division of Labour.***

TYPES OF CAPITAL

- ***Fixed capital: these are assets which are used up in the course of production, they last for a long period of time. E.g; buildings, tools, vehicles, plants, and machineries, etc.***
- ***Circulating or working capital: these are capital goods which are used up or change their form in the process of production. E.g; raw materials, water and fuel.***
- ***Current/liquid capital: these capital are required for the day to day running of Productive activities. They change from one form to another. E.g; semi-finished goods & money.***
- ***Social Capital: Social capital is the value that comes from social networks, or groupings of people, which allow individuals/ organizations to achieve things they couldn't on their own. E.g; when someone opens a door for someone, returns a lost item to a stranger, gives someone directions, loans something without a contract, and any other beneficial interaction between people, even if they don't know each other.***

IMPORTANCE OF CAPITAL

- ***Capital facilitates productive activities.***
- ***Capital boosts efficiency since more machines can be employed in production.***
- ***Social capitals like; good roads, electricity assist in the location of industry.***

- ***It ensures the Production of quality goods.***
- ***It increases the standard of living.***

THE ENTREPRENEUR

An entrepreneur is someone who coordinates, controls and organizes the factors of production in order to make maximum output at minimum cost thereby making profit, He is the M.D or C.E.O in an executive office. The reward for entrepreneur is profit.

FEATURES OF AN ENTREPRENEUR

- ***He/she is a Risk Bearer.***
- ***He/she organizes other factors of production.***
- ***He/she is the decision maker in the course of production.***
- ***He/she controls other factors of production.***

IMPORTANCE OF ENTREPRENEUR.

- ***An entrepreneur takes decision on what to produce, how to produce in production process.***
- ***He provides capital for production.***
- ***He bears all the risks involved in business.***
- ***He combines other factors of production to promote efficiency in production and maximize profits.***

THEORY OF PRODUCTION (WEEK8)

MEANING OF DIVISION OF LABOUR

Division of Labour is the breaking down of Production process into a number of seperate operations, where each operation is undertaken by one person or a group of persons. Division of Labour leads to specialization.

SPECIALIZATION

Specialization is defined as the concentration of productive efforts of an individual, a firm or a country in a given aspect of economic activity or on a particular line of production in which it has the greatest advantage over others.

TYPES OF SPECIALIZATION

- ***Specialization by process: this is the type of specialization in which a production process is divided into different operations or stages and each worker, firm or country concentrates only on one operation or stage.***
- ***Specialization by Sex(gender): this is the type of specialization in which certain occupations are exclusively either for males or females as dictated by custom, tradition or law.***
- ***Specialization by product: this is the type of specialization in which a producer(individual, firm or country) concentrates on the Production of a particular commodity.***
- ***Geographical or territorial specialization: this is the type of specialization in which certain geographical region specializes in the production of a particular commodity due to availability of natural resources or climate condition in that area.***

ADVANTAGES OF DIVISION OF LABOUR

- ***It increases production.***
- ***It makes workers less fatigue***
- ***It reduces cost per unit of output produced.***
- ***It leads to the development of greater skills by workers since repetition sharpens skillset.***
- ***It Leads to the development of technological equipments, e.g; machines, etc.***

DISADVANTAGES OF DIVISION OF LABOUR

- ***It leads to monotony.***
- ***It leads to reduction in employment opportunities.***
- ***There is a problem of mobility of labour.***
- ***There is also a problem of interdependence which means the absence of one worker may halt production process.***
- ***There is decline in craftsmanship since more use of machine are involved.***

LIMITATIONS OF DIVISION OF LABOUR AND SPECIALIZATION

- ***The size of the market.***
- ***The development of commercial sector.***
- ***The nature of products.***
- ***Availability of technology***
- ***Availability of labour.***

- ***Government policy.***

THEORY OF PRODUCTION (WEEK9)

ECONOMICS OF SCALE (SCALE OF PRODUCTION)

Meaning of Economics Of Scale can be defined as the growth of a firm as a result of the expansion of the volume of productive capacity resulting in the increase in output and a decrease in its cost of production per unit of output.

TYPES OF ECONOMICS OF SCALE

- ***Internal Economies Of Scale: this is also known as the Economics of large scale production. It is defined as the advantages which a firm enjoys as a result of its increase in size and expansion of its output.***
- ***Internal Diseconomies of scale: it is defined as the disadvantages which a firm undergoes as a result of expansion, resulting in less efficiency and increase in the cost per unit of output as a result of managerial problems.***

CLASSIFICATIONS OF INTERNAL ECONOMIES OF SCALE/ ADVANTAGES OF LARGE SCALE PRODUCTION.

- ***Technological economies: a large firm can afford to use advanced machines, employ many workers and apply division of Labour.***
- ***Marketing Economies: a large firm can produce goods in large quantity and distribute to so many areas.***
- ***Risk-Bearing Economies: a large firm is more likely to withstand losses as a result of certain risks taken than a smaller firm.***
- ***Managerial Economies: with its sound financial standing and large***

size, it is capable of employing experts and competent managers to manage the firm efficiently.

- *Financial Economies: a large firm can easily obtain loans from banks, issue shares and debentures to raise capital.*
- *Welfare Economies: a large firm can promote employees' welfare by giving bonuses, free medical care and recreational facilities.*
- *Training Economies: large firms can sponsor employees advance programs abroad, build a training institute for workers and even award scholarships for further study in their profession.*

DISADVANTAGES OF INTERNAL ECONOMIES OF SCALE

- *There is a poor relationship between employers and employees as itse always impersonal.*
- *Large firms suffer from bureaucracy and Red Tapism which slows down production process.*
- *It requires huge amount of capital to run, finance or managed*
- *It is difficult to control and supervise workers in large firms.*
- *There is delay in decision making as a result of complexities in its administration.*

LIMITATIONS OF SCALE OF PRODUCTION

- *The size/extent of the market.*
- *Availability of capital.*
- *The nature of firm's product.*
- *Falling price of the commodity.*

- ***The level of risk involved.***

WEEK 10: BASIC ECONOMIC PROBLEM OF THE SOCIETY

Basic economic problems refer to the problems people encounter in the society while attempting to satisfy their numerous wants with the limited resources available to them. They include; what to produce; How to produce; for whom produce; efficiency of resource use.

- ***WHAT TO PRODUCE?: This problem arises mainly as a result of the fact that human wants are unlimited relative to the available resources.***

  Factors which determine what to produce

  - ***Consumers needs: the producers produce based on the needs of the users (consumers).***

  Ii Market Demand: the level of demand by consumers for a particular type of goods/services encourages the producer to produce more of that kind.

  - ***Cost of Production: all things being equal, the higher the cost of production, the lower the Production of that commodity and vice versa.***

  - ***The type of economy the country is practicing;(Socialism, or capitalism).***

  - ***Availability of raw materials.***

  - ***The level of consumers' income.***

- ***HOW TO PRODUCE?: This problem explains the techniques to use in the production of goods services. E.g; Labour intensive method or***

capital intensive method.

Factors which Determine how to produce

- ***Technique of Production: this refers to the level of involvement of human labour & machines. ; A.) Labour intensive and b.) capital intensive.***
- ***Technological advancement.***
- ***Production function.***
- ***Cost of Production.***
- ***FOR WHOM TO PRODUCE?: This explains the Consumers who get the final goods and services.***

FACTORS which determine whom to produce

- ***Satisfaction of wants.***
- ***Level of income.***
- ***Type of economic system.***
- ***Efficiency of Resource Use: efficiency of resource use in production refers to the optimum use or combination of factors of production to achieve higher and better output at a reasonable cost.***

Factors Which Determine Efficient Use Of Resources.

- ***Quality of labour.***
- ***Technique of Production.***

WEEK 11: ECONOMIC SYSTEMS OF THE WORLD

Meaning of Economic System: An economic system may be defined as an arrangement specifying how the means of production are controlled in a society for the satisfaction of human wants.

It refers to the way in which the available productive resources in a state are owned, managed or utilized for the satisfaction of human wants.

DIFFERENCE BETWEEN ECONOMIC SYSTEM & ECONOMIC ACTIVITIES

Economic activities are what people do to earn a living. E.g; teaching, trading, farming, etc. While economic system refers to the mode of production and distribution of goods and services within which economic activities take place.

There are three Major types of economic systems of the world; Capitalism, Socialism and Mixed Economy.

- ***Capitalism/ free Market/ laissez faire economy: this is the type of economic system in which the means of production are owned and controlled by mainly private individuals, with a little of government intervention. In a capitalist economy, the consumer is regarded as " King". Examples of countries who practice capitalism include; USA, Australia, France, Italy, Israel & Japan ..etc.***

FEATURES OF CAPITALISM

- ***There is private ownership and control of most of the means of***

production and distribution.

- ***The production motive is to make profit.***
- ***There is existence of competition.***
- ***Production and consumption are regulated by price System***
- ***There is freedom of choice among Consumers.***

Advantages of Capitalism

- ***It guarantees maximum freedom of enterprise.***
- ***It encourages Hardwork.***
- ***Talents are fully utilized.***
- ***It hastens economic growth and development.***
- ***It encourages economic competition.***

Disadvantages of Capitalism

- ***It can lead to monopoly.***
- ***It leads to economic exploitation.***
- ***It causes economic insecurity.***
- ***It increases crime rate.***
- ***It leads to economic inequality.***
- ***Unhealthy competition leads to wastage.***

SOCIALISM/ CENTRALLY PLANNED/ CONTROLLED / SOCIALIST ECONOMIC

SYSTEM

This is the type of economic system in which the means of production and distribution are collectively owned and controlled by the state (the government). The major aim of socialism is to maximize the welfare of the citizens. Examples of countries who practice socialism; Cuba, Albania, Romania, Bulgaria.. etc.

FEATURES OF SOCIALISM

- ***There is state ownership and control of all the means of production and distribution.***
- ***It is democratic in nature.***
- ***There is equitable distribution of income.***
- ***There is absence of rivalry.***
- ***The production motive is to promote citizens welfare.***

ADVANTAGES OF SOCIALISM

- ***There is equitable distribution of resources/income.***
- ***There is absence of exploitation.***
- ***There are employment opportunities***
- ***There is job security***
- ***It prevents private monopoly.***

DISADVANTAGES OF SOCIALISM

- ***Absence of alternative choice.***
- ***It reduces individual initiative.***

- ***It creates room for laziness.***
- ***There is absence of creativity & innovation.***
- ***It slows down economic development.***

MIXED ECONOMIC SYSTEM

A mixed economy is defined as the type of economic system in which both the private and public ownership of means of production and distribution exist together in a country. Examples of countries who practice mixed economy; Britain, Nigeria, Tanzania, Kenya, Egypt, Peru, Mexico....etc.

FEATURES OF MIXED ECONOMIC SYSTEM

- ***There is joint ownership of both private and government in the provision of goods and services.***
- ***There is freedom of choice.***
- ***There are checks and balances.***
- ***There is joint decision making by the state and private individuals on what to produce.***
- ***There is fair competition .***

ADVANTAGES OF MIXED ECONOMIC SYSTEM

- ***It encourages private initiatives.***
- ***There is freedom of choice.***
- ***There is equitable distribution of income***
- ***It ensures economic development.***
- ***It ensures Job security.***

- ***It prevents monopoly.***

DISADVANTAGES OF MIXED ECONOMIC SYSTEM.

- ***There is more emphasis on profit making at the expense of welfare of the citizens.***
- ***There is a high level of corruption and mismanagement or resources by the government officials.***
- ***There is high exploitation of labour.***
- ***There is lack of efficiency by the state.***
- ***There is inequality of wealth.***

THE END.