**ECONOMICS NOTE SS 2.**

**CONCEPT OF DEMAND AND SUPPLY**.

In economics, there are similar terms or a concept which features in demand.

1. Commodity
2. Price
3. Time

**Commodity** is any form of goods and services offered for sale at a given price and which people are willing to buy at that price.

**PRICE**: we cannot talk of demand without relating to price. This is because price determine to a great extent, the quantity of any commodity that will be bought.

**TIME**: This is inclusive because, the quantity bought of any commodity changes over time. More commodities is likely to be bought at longer time than at a short interval.

**DEMAND**

**DEFINITION: Demand** is the quantity of commodity which a consumer is willing and able to buy at a particular price within a given period of time may be a day or week month or a year.

**Before we can talk of demand, three conditions must be fulfilled:**

1. It must be an effective demand.
2. The price must be known i.e. it is reflected to price.
3. The time or period should be stated.

**Factors affecting demand.**

1. **Price**
2. The price of other commodities.
3. Income of the consumer.
4. Population.
5. Change in fashion.
6. Weather and climate.

**TYPES OF DEMAND**

1. Derived demand.
2. Joint/complementary demand.
3. Composite demand.
4. Composite demand.

**CHANGE IN QUANTITY DEMAND.**

**A** change in the quantity demanded of a commodity means a movement from one point to another on a demand curve.

**A change** in the quantity demand is of parts:

**A.** Increase in the quantity demanded: There is an increase in the quantity demand provided the quantity purchase increases as a result of a decrease in the price of the commodity.

**B.** Decrease in the quantity demand: in this case, there is a decrease in the quantity demand if the quantity of the commodity purchase decrease as a results of an increase in price.

**SHIFT OR CHANGE IN DEMAND**

A shift or change in demand in economics is quite different from change in the quantity demanded. There is a change in demand if the demand curve shifts to an entirely new position.

A shift or change in demand in demand is also grouped into two divisions:

1. Increase in demand: when there is an increase in demand, the demand curve shift to the right indicating that at the old price more of the commodity will be purchased.
2. Decrease in demand: when there is a decrease in demand, the demand curve will shift to the left, indicating that at the old price, less commodity is being purchased. A decrease in brought about by an unfavorable change in any of the factors affecting demand except the price of the commodity.

**TOPIC: SUPPLY**

**DEFINTION: supply may be defined** as the quantity of a commodity which a producer is willing and to offer for sale at a particular price and at a particular period of time.

**LAW OF SUPPLY.**

**First law :The la**w of supply states that ,all things being equal the higher the price ,the higher the quantity of a commodity that will be supplied OR the lower the price ,the lower the quantity of the commodity that will be supplied.

**Second law: The law** of supply states that, the higher the price of a commodity the higher the quantity supplied.

**TYPES OF SUPPLY.**

1. Composite supply.
2. Joint /complementary supply.
3. Competitive supply.

**FACTORS AFFECTING SUPPLY**

1. Price.
2. Level of technology.
3. Cost of production.
4. Weather.
5. Price of other goods.
6. Number of producer.

**Change in quantity supplied.**

A change in the quantity supplied of a commodity means a movement from one point to another on a supply curve. The cause of the change in the quantity supplied is as a result of the change in the price of the commodity under consideration.

A change in the quantity in the quantity supplied is of two types:

1. Increase in the quantity supplied. There is an increase an increase in the supplied, if the quantity supplied increases as a result of an in the price of the commodity.
2. Decrease in the quantity supplied. In this case, there is a decrease in the quantity supplied if the quantity of the commodity supplied decrease as a result of a decrease in price.

**Shift or change in supply.**

**A shift** or change in supply in economics is quite different from change in the quantity supplied as discussed. There is a change in supplied if the curve shifts to an entirely new position.

**A .increase in supply**.

**B Decrease in supply.**

**EQUILIBRIUM PRICE.**

The equilibrium price is that price at which the goods demanded is equal to the quantity supplied. That is when the quantity of goods demand is equal to the quantity supplied, the price that equates the two is known as the equilibrium price.

**TOPIC : PRODUCTION POSSIBILITY CURVE (PPC)**

**DEFINITION:** The production possibility curve (ppc), also known as the production possibility boundary (PPB), Refers to a graph or curve showing the possible combinations of different commodities that can be produced in a given economy given the prevailing level of technology, if all the available production resources are efficiently utilized.

**TOPIC: CONCEPT OF TOTAL, AVERAGE AND MARGINAL PRODUCTIVITY.**

**Total product (TP)**

**Definition: Total product is defined as the total quantity of commodities produced at particular time as a result of the combination of all the factors of production.**

**TP =AP X LABOUR.**

**AVERAGE PRODUCT (AP).**

**Definition: Average product (AP) is defined as the output per unit of the variable factors (labour or capital) employed.**

**AP can be expressed mathematically as**

**AP= total product (output)/no of labour (capital) employed.**

**MARGINAL PRODUCT (MP).**

**Definition: The marginal product (mp) may be defined as the addition to total output brought about as a result of the employment of an additional unit of a variable factor factor.**

**Mp can be expressed mathematically as**

**MP=change in tp/change in variable factor**

**TOPIC** : COST CONCEPT**.**

**COST:** This implies an expenditure made towards the production of goods and services. For goods and services to be produced, certain expenditure or expenses must be inward.

**TYPES OF COST /BASIC COST CONCEPT.**

**FIXED COST** (FC): Fixed costs are those cost which do not vary or change indirect proportions to the firm output.e.g cost of land, building etc.

**Formula: FC =TC -VC**

**VARIABLE COST (VC): Variable costs (VC) are** those cost of production which vary or change directly with output. **Formula: VC=TC-FC.**

**TOTAL COST (TC): This is the total expenditure incurred in the production of goods and services.** it is the overall cost incurred by using both fixed and variable factors of production. Total cost is the additional of FC and VC incurred by a firm in the production of a particular commodity.

**T**here are two main kinds of total cost.

1. Total fixed cost (TFC): is the sum of all costs incurred in using fixed factors in producing e.g. rent of land etc.
2. Total variable cost (TVC): These are those cost of production which changes. They increase as output decreases.

**Formula=FC+VC .**

**AVERAGE COST (AV):**Is the cost per unit of output produced. it is the total cost of production incurred by a firm divided by the number of the price produce.

**Formula AV =TC/OUTPUT.ie TC/total output.**

**AVERAGE FIXED COST**:Is the total fixed cost divided by the number of output.

ATC: AVC-AFC.

**AVERAGE VARIABLE COST( AVC):** Is the total variable cost divided by the number of output avc is the cost per unit of variable cost in output.

**Formula ,AVC =TVC/TQ OR AVC –AFC.**

**MARGINAL COST**(MC) OR INCREMENTAL COST: is the cost of producing an additional unit of output .

**FORMULA MC=TC2-TC1.**

**TOPIC: CONCET OF REVENUE.**

**Meaning :Revenue is the total amount of money which a business man or woman derives from its** business activities. It may include money realized from the sale of various products of the business.

**Types of revenue**

1. **Total revenue: this** is the total amount of money which a business man or woman receives from the sale of the production sold.

**Formula, TR=QXP**

1. **Average revenue: This is the average money income per unit of the product sold. It is obt**ained by dividing the total revenue by the total number of output.ie.

**Formula=**

**AV=TR/Q=P OR AR =TR/total sale.**

1. **Marginal revenue: This is the addition of money income from the sale of one extra unit of the product.** It is the change in total revenue as a result of selling one more unit of a commodity.

**MR=Change in tr2-change in tr1.**

**ECONOMIC SYSTEM IN NIGERIA.**

**Meaning: Economics system refers to the set of arrangement whereby economic activities in society are classified according to who own and control the means of production.**

**TYPES OF ECONOMICS SYSTEM.**

**There three broadly types of economics system.**

1. **Capitalism**
2. **Socialism.**
3. **Mixed economy.**

**CAPITALSM: This is an economic** system in which basic means of production are owned and controlled by private individuals.e.g USA, JAPAN, GERMAN ETC.

**Features of capitalism.**

1. **Freedom of enterprise**: individuals are free to embark on any business ventures of their choice without restriction from the government.
2. **Private ownership of means of production:** private individuals own and control means of production as they like but never in such away as to endanger the society.
3. **Private decision making: the decision on how to solve** the basic economic problems are taking by private individual.
4. **Profit maximizations: individual in capitalist** economy aim at maximizing profit, hence that determines the nature of business set up.

**Existence of competitio**n: As a result of freedom of choice, many brands of a commodity are produce by varieties of goods.

**Advantages of capitalism**

1. Freedom of consumption and production.
2. Easy to estimate wants of people .
3. Efficiency in production.
4. Encouragement of hard work.
5. Discouragement of dictatorship.

**Disadvantage of capitalism**

1. **Misallocation of resources.**
2. **Dangerous product may be produced since there is a high demand for them.**
3. **Consumers may be forced to buy goods at high prices fixed by producer.**

**SOCIALISM**

**Meaning: socialism is an economic system in which the means of production and properties are owned by the government under socialism they decided on what, how and for whom to produce. E.g. Russian.**

**Features of social**

1. **State ownership of properties**: The state of the government own most of the properties and major means of production.
2. **Government decision making: the decision on what, for whom and how to produce are taken by the government.**
3. **Public welfare maximization:** the aim of production in a socialize economy, their own aim is to maximize.
4. **Consumption and production are regulated by the government: i**t is the committee set up by the government will determine quantity to be produced the duty of the committee is to investigate and find out the likely needs of the people.
5. **In this socialist system people are rewarded according to their needs as to make room for more negotiable income distribution.**

**Advantages of socialism.**

1. **The consumption of dangerous goods is avoided because since production is in the hand of government**
2. **Consumers buy goods at minimum prices because the goods has fixed set up by the government.**
3. **Socialism ensures a more equitable use of resources and distribution of product.**
4. **There is less wastage of resources because is based on planning rather than on specialization.**

**Disadvantage of socialism.**

1. **It is not easy to determine the demand might change at any time.**
2. The satisfaction of individual consumers needs is neglected. This is as a result if the fact that the government produced according to graph needs forgetting that what is good for one person might not be good for another.
3. It kills the incentive to produce efficient since the producers do not complete with each other.
4. The effort of the workers is diminishing because they do not struggle to acquire great health.

MIXED ECONOMY SYSTEM

**Meaning**: mixed economy system is an economy system in which both state and private individual owned means of production co-exist.it is an economic system in which both the individual market and the government exercise control on what ,how for whom to produce in the economy .e.g. Nigerian and Britain.

**Features of mixed economy.**

1. **The** government and individual’s ownership of property.
2. **Joint decision making** .
3. Consumption and production.
4. There is highly developed occupation specialization
5. There are areas of the economy in which the state has right to production and distribution of goods and services.

**Advantage f mixed economy**

1. Mixed economy system combines the best of both capital ism and socialism.
2. The system encourages hard working and economic development.
3. It creates room for the growth entrepreneurship.
4. There is an equitable distribution of wealth between those in the public sector and the private sector.
5. Government adopts some regulatory measure to prevent the exploration of the citizen.

Disadvantages of mixed economy.

1. Wealth is not equally distributed in a mixed economy.
2. There is different between the private and the public sector in of joint operation like education health and telecommunications.
3. Lack of efficiency: efficiency scarcely occurs in this type of economic system because of the involvement of the state.
4. Emphasis in on profit: there is more emphasis on profit maximization at the expense of welfare for the citizen.

**TOPIC : LABOUR MARKET.**

**Meaning: Labour market** is an arrangement whereby the producers and the potentials workers are brought into close contact for the purpose of hiring and offering labour services for productivities purpose.

**Labour force**

**Definition: labour** force is the total number of people working age (18-60)in an country who are able and willing to work.

**Factors influencing the size of the labour force.**

1. The size of the population.
2. Age distribution of population.
3. The number of woman who are employed.
4. Official age retirement.
5. The number of disabled persons in the population.

**SUPPLY OF LABOUR**

**Definition: supply** of labour may be defined as the total number of people working age offered employment at a particular time and at a given wage.

**Factors influencing the supply of labour**.

1. Size of population and its growth
2. Trade union activities.
3. Retirement age.
4. Migration.
5. The number of disable.

DEMAND FOR LABOUR.

Definition: demand for labour refers to the total number of man –hour employers are willing to hire at a particular wage rate and at a particular time.

**Factors influencing the demand for labour.**

1. Number of industries in a country.
2. Demand for goods and services .
3. Availability of other factors of production.
4. The size of market.
5. The state of employment.

**CONC**EPT OF UNEMPLOYMENTK.

**Definition**: Unemployment is defined as a situation in which persons of working age, able and willing to work are unable to defined paid employment.

**Types of unemployment**.

1. **Structural employment.**
2. Seasonal.
3. Under.
4. Frictional.
5. Voluntary
6. Residual.
7. Casual.
8. Under/disguised. Low level of education.

CAUSES OF UNEMPLOYMENT

1. Lack of industries.
2. Over population.
3. Immobility of labour.
4. Poor development.
5. Low level of education.
6. Lack of educational planning.

Effects of unemployment.

1. Increase in crime rate.
2. Waste of resources.
3. High rate of dependency.
4. Migration.
5. Threat to peace and stability.

Solutions to the problem of unemployment.

1. Indusrialistion.

2. Population control.

3. Encouraging geographical mobility.

4. Proper development plane.

5. Re –designing education system.