OYO STATE LECTURE NOTES

ECONOMICS

SS 2

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ECONOMICS SCHEME FOR SS 2

WEEK ONE: REVISION OF FIRST TERM

LAST TERM WORK

WEEK TWO

TOPIC: PRINCIPLES OF ECONOMICS

Tools of Economics Analysis: The use of these basic tools therefore makes it easier for better interpretation and understanding of Economics principles. Some of these basic tools used for economic analysis include:

Tables, graphs, charts etc.

A TABLE: This is defined as a systematic and orderly arrangement of information, facts or data using rows and columns for presentation which make it easier for better understanding.

Example of a Table:

Table 1:1 Number of Generators demanded in a country.

Price N	No of Generators
10,000	700
15,000	600
20,000	500
25,000	400
30,000	300

CHARACTERISTICS OF A TABLE

(i. A table must be very simple

(ii. It must be easy to understand

(iii. It must have a title or heading

(iv. A table must be numbered if they are many

(v. The sub-heading for the columns and rows used must be stated (vi. The purpose of constructing the table must be stated.

GRAPHS: Graph may be defined as a diagram showing a functional relationship between two variables. Example of graphs are: line graphs, pie chart, bar graph, pictograph etc. **CHARTS:** Data which have been collected and arranged on a table could be put in form of diagrams to aid further comprehension by making impression on the eyes.

SIMPLE LINEAR EQUATION: Example: y = f (x) or q= 200 – 5p. where y is dependent variable which depends on the value of x and q is also dependant variable which depends the value of x. Q is also dependent variable, which depends on the value of p.

MEASURES OF DISPERSION: These tell us whether the values in the distribution are clustered or spread out. The spread can be determined in many ways by using the following: range, mean deviation, standard deviation and variance.

THE RANGE: This is the difference between the highest and the lowest values in the observation. It indicates the limits within which the value falls.

For example, the range of the observation of data 5, 15, 18, 22, 20, 24, 9 is: solution

Highest value = 24

Lowest value = 5

Range = Highest – Lowest

= 24 – 5

Range = 19

ADVANTAGES OF RANGE

- It is easy to understand
- Its computation is simple
- It is useful in weather forecast
- It is used in industrial quality control

DISADVANTAGES OF RANGE

- It is not exact measure of dispersion
- It depends only on extreme value not on all items.
- It cannot be computed when a distribution has open-ended classes.
- It is not amendable to algebraic manipulation
- It does not state anything about the distribution values in the series relative to the measure of central tendency.

MEAN DEVIATION: This is the mean of the absolute values of the deviation from some measures of central tendency.

The formular to calculate mean deviation is MD

= $\Sigma/x-\bar{x}/$ or $\Sigma/d/$ for ungrouped data.

$\frac{\Sigma}{n}$ $\frac{}{n}$ $\bar{}$

and

MD = Σf/x-x̄/ for grouped data

f/n

Where x = the value of observations; x̄ = the mean of the values of x n

= number of observation

Example: Determine the mean deviation from the following data giving the quantity of commodity bought by eleven buyers: 14, 15, 23, 20, 10, 30, 19, 18, 16, 25, 12.

Solution.

Firstly, calculate the mean (x) of the data.

Let construct a table

X	**$\bar{X}$**	**$X - \bar{X}$**	**$/X-\bar{X}/$**
10	18.4	-8.4	8.4
12	18.4	-6.4	6.4
14	18.4	-4.4	4.4
15	18.4	-3.4	3.4
16	18.4	-2.4	2.4
18	18.4	-0.4	0.4
19	18.4	0.6	0.6
20	18.4	1.6	1.6
23	18.4	4.6	4.6
25	18.4	6.6	6.6
30	18.4	11.6	11.6
202			**Σx-x̄ =50.4**

: - Σx = 202

Mean (x̄) = Σx = 202 = 18.4

n 11

: - MD = Σ/x-x̄/ = 50.4 =4.6

n 11

ADVANTAGES OF MEAN DEVIATION

- It is easy to understand
- It is less affected by extreme values.

- It is better than the range since it is base on values in the distribution
- It's computation is simpler when compared with standard of deviation.

DISADVANTAGES OF MEAN DEVIATION

- It is not suitable for further mathematical analysis.
- It lacks those algebraic properties.

VARIANCE: This is the mean of squared deviations. It can be derived by finding the square of the standard deviation. Formular to calculate variance is $0^{-2} = \Sigma (x-\bar{x})^2$ for ungrouped data and

$$\frac{}{n}$$

$0^{-2} = \Sigma f (x-\bar{x})^2$ for grouped data

$$\frac{}{\Sigma f}$$

STANDARD DEVIATION: This is the square root of the variance and also referred to as the**"root mean square deviation".** The formular to calculate standard deviation is $\sqrt{\frac{\Sigma(x-\bar{x})^2}{n}}$ or ungrouped data

S.D $= \sqrt{\frac{\Sigma f (x-\bar{x})^2}{\Sigma f}}$ for grouped data.

Example: Find the variance and standard deviation for the following distribution: 2, 3, 4, 5, 6, 6, 7, 8, 9, 10.

Solution

Find the arithmetic mean of the distribution

$\Sigma x = 2+3+4+5+6+7+8+9+10 = 60$

$\Sigma x = 60 = 6$

$$\frac{n}{10}$$

$\bar{x} = 6$

Construct an appropriate table

x	$d=x-\bar{x}$	$(x-\bar{x})^2$ or d^2
2	2 – 6 = -4	16
3	3 – 6 = -3	9
4	4 – 6 = -2	4

5	5 – 6 = -1	1
6	6 – 6 = 0	0
6	6 – 6 = 0	0
7	7 – 6 = 1	1
8	8 – 6 = 2	4
9	9 – 6 = 3	9
10	10 – 6 = 4	16
		$d^2 = 60$

MD = $\frac{\Sigma(x-\bar{x})^2}{n}$ or $\frac{\Sigma d^2}{n}$

= $\frac{60}{10}$ = 6

S.D = $\sqrt{\frac{\Sigma(x-x)^2}{n}}$ or $\sqrt{\frac{0^{-2}}{}}$

= $\sqrt{\frac{60}{10}}$ = $\sqrt{6}$ = 2.5

ADVANTAGES OF STANDARD DEVIATION

- It is not affected by variation in sample
- It subjects itself to rigorous algebraic treatment
- It is rigidly defined and it is based on all observations in the distribution.
- It isinsensitive to sample size provided the size in large enough.

DISADVANTAGES OF STANDARD DEVIATION

i. Huge amount of work is involved in its computation.

ii. It attaches large weight to extreme values because of the process of squaring involved in its calculation.

WEEK THREE

CONCEPTS OF DEMAND AND SUPPLY

Meaning of Demand: Demand can be defined as the quantity of commodity a consumer is willing and able to buy at a given price and at a particular period of time. Demand is willingness of a consumer while want is mere desire.

TYPES OF DEMAND

i. **Derived Demand:** This is when a commodity is demanded not for its sake but for what it can help to produce. It is demand for factors of production e.g demand for cassava may be a derived when cassava is needed to produce Gari and Fufu e.t.c. ii. **Joint or Complementary Demand:** This is when it requires two or more commodities to meet a particular need e.g car and petroleum are to consume together.

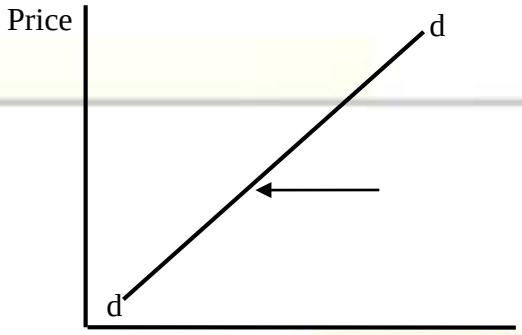
iii. **Competitive Demand:** This is when a commodity is wanted to satisfy a want which another similar commodity can satisfy. These commodities are called substitutes e.g Ovaltine and Milo, Close-Up and Oral B Toothpastes e.t.c.

iv. **Composite Demand:** This is the demand for a commodity because it can be put to different uses e.g the demand for timber is to make furniture, for building construction e.t.c.

v. **Exceptional Demand:** An exceptional demand is also called an abnormal demand curve and it refers to the situation where the demand curve does not follow the law of demand.An exceptional demand curve slopes upward from left to right showing that more commodities will be bought at a higher price than a lower price.

Inferior goods/ giffen goods such as necessary food stuff like; salt, garri, sugar, aud bread are demanded even at higher prices

Graphically



Abnormal/exceptional demand curve.

MEANING OF SUPPLY: This is the amount or quantity of a commodity which the seller or producer is willing and able to offer for sale at a given price and at a particular period of time.

Supply is not an entire of stock but flow that offered for sale.

TYPES OF SUPPLY

i) **Joint or Complementary Supply:** This is the supply of two or more products which results from the same production process or from one source. e.g Palm oil and Palm karnel, Hides and Beef e.t.c.

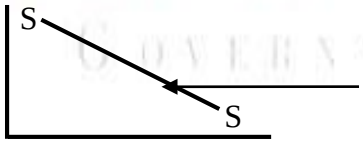
ii) **Competitive Supply:** The supply of a commodity is said to be competitive when the commodity is capable of being put to alternative or different uses e.g Land for farming, Building of house etc.

iii) **Composite Supply:** This is supply of many commodities which can be used to satisfy the same want or purpose e.gElectricity,Candle, Lanterns, Gas-lamp etc can be used to satisfy the need for light.

EXCEPTIONAL OR ABNORMAL SUPPLY

This is a negative situation in which a fall in the price of the commodity leads to an expansion of its supply. The curve is downward sloping from left to the right.

Graphically



Price

Exceptional/abnormal supply curve.

0

quantity

WEEK FOUR

ELASTICITY OF DEMAND

Elasticity of Demand is the degree of responsiveness of demand to any change in the factors affecting demand. The major factors are own price, income and price of related commodities.

TYPES OF ELASTICITY OF DEMAND

i. Price Elasticity of Demand ii.
Income Elasticity of Demand
iii. Cross Elasticity of Demand

i) Price Elasticity of Demand is the degree of responsiveness of quantity demanded to a small change in the price of a commodity. It can be measured as follows:

$$\Sigma D = \frac{\text{Percentage change in Quantity Demand}}{\text{Percentage change in Price}}$$

That is $\frac{\%\Delta \text{ in qty dd}}{\%\ \Delta \text{ in P}}$

Example:

Price	Quantity Demand
100	400
250	600

Calculate Price Elasticity Solution:

Formular = $\frac{\%\ \Delta \text{ in qty dd}}{}$

$$\frac{\%\ \Delta \text{ in P}}{\Delta \text{ qty}} = \frac{600 - 400}{400} \times \frac{100}{1} = \frac{200}{400} \times \frac{100}{1} = 50\%$$

$$\frac{\Delta \text{in P} = 250}{} = \frac{-100}{100} \times \frac{100}{1} = \frac{150}{100} \times \frac{100}{1} = 150\%$$

$\Sigma D = 50\% = 0.33$ it is inelastic because it less than one.

$$\frac{}{150\%}$$

TYPES OF PRICE ELASTICITY OF DEMAND

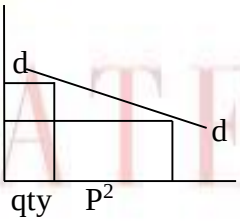
i. Elastic Demand
ii. Inelastic Demand iii. Unitary Elastic Demand

Elastic Demand: This is when a small or no change in price brings about a greater change in the quantity of goods demanded. It divided into two, these are perfect and fairly elastic".

Here, elasticity if greater than one but less than infinity.

Price $\Sigma > I < \infty$ Price d

P_1

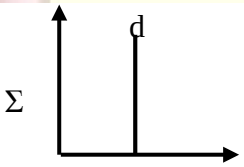


o

Perfect Elastic Demand Q_1 Q_2 qty

Fairly Elastic

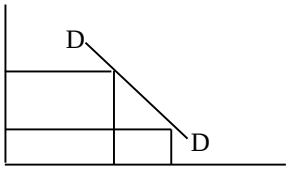
Inelastic Demand: This is when a change in price of commodities leads to little or no change in demand. In this case, elasticity is greater than zero but less than one and it divided into two, "Perfect and Fairly Elastic".



Price

Price

Σ $< I >$ O P_2



P_1

o o qty

q qty Q_1 Q_2

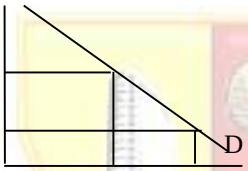
Perfect Inelastic Demand Fairly Inelastic

Unitary Elastic Demand: This is when a change in price leads to equal change in demand. In this case, elasticity of demand is equal to 1, i.e Σ = 1

Price D

P_2

P_1 o q_2 q_1 qty



INCOME ELASTICITY OF DEMAND

This refers to the degree of responsiveness of demand to changes in income of consumers.

Formular = YΣ = Percentage change in Quantity Demanded

Percentage change in income

And it can be written as %Δ in qty dd

% Δ in income

Example:

Income	Quantity Demand
100	400
250	600

(i) Calculate the co-efficient of income Elasticity of demand (ii) What kind of good is?

Solution:

(i) Co-efficient of income Elasticity Formular: YΣ

= % Δ in qty dd

% Δ in income

% Δ qty dd = 600 – 400 x 100 = 200 x 100 = 50%

400 1 400 1

% Δ in income = 250 – 100 x 100 = 150 x 100 = 150%

100 1 100 1

YΣ = 50% = 0.33

150%

(ii) It is normal good. This is because as the income increases; his demand is also increase.

TYPES OF INCOME ELASTICITY OF DEMAND

(i) Positive Income Elasticity: e.g Normal good

(ii) Negative Income Elasticity: e.gs giffen or inferior good.

(3) **CROSS ELASTICITY OF DEMAND**: This is refers to the degree of responsiveness of demand for commodity to a change in the price of another related commodity.

Formular: CΣ = Percentage change in Demand of Commodity A

Percentage change in price of Commodity B

$C\Sigma = \%\ \Delta$ in dd for commodity A $= (q_1 - q_0) / q_0$

% Δ in price of commodity B $(P_1 - P_o)/Po$

Where Qo => Initial quantity of commodity A

Q_1 => New quantity of commodity A

P_o => Initial price of commodity B

P_1 => New price of commodity B ***Example:***

Price of Mango	Quantity Demand for Apple
100	400
160	500

Calculate the cross Elasticity of demand **Solution:**

Formular = CΣ = % Δ in qtydd of commodity A

% Δ in price of commodity B

= % Δ in qty of A = 500 – 400 x100= 100 x 100 = 25%

400 1 400 1

= % Δ in price of B = 160 – 100 x 100 = 60 x 100 = 60%

100 1 100 1

: - CΣ = 25% = 0.4 it is inelastic

60%

FACTORS THAT DETERMINING ELASTICITY OF DEMAND

1) The consumer's taste and preference 2) Existence or availability of close substitutes.
3) Income of the consumer.
4) Number of the use the commodity is
5) Advertisement
6) How important the commodity is to the consumer/degree of necessity
7) One's habit.
8) Time

WEEK FIVE

ELASTICITY OF SUPPLY

This is the degree of responsiveness of the quantity of a commodity offered for sale to changes in the price of that commodity or to changes in the cost of production.

TYPE(S) OF ELASTICITY OF SUPPLY

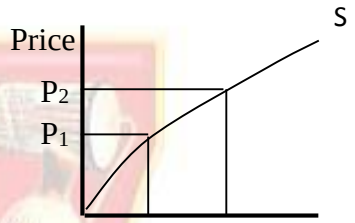
1. Price Elasticity of Supply: This is measures the extent to which quantity supplied will expand following a rise in price and the extent to which the quantity supplied of the commodity will contract in response to a fall in its price. Formular PΣ = % Δ in qty ss.

$$\frac{}{\%\ \Delta \text{ in price.}}$$

Some with demand.

DIFFERENT DEGREES OF ELASTICITY OF SUPPLY

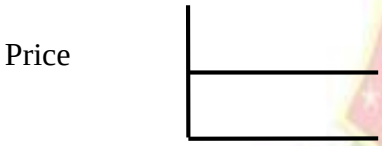
1) **Elastic Supply:** This occurs when a small or no change in the price of a commodity brings about a substantial or more than proportionate change in the quantity supplied. It divided



Perfect Elastic Fairly Elastic

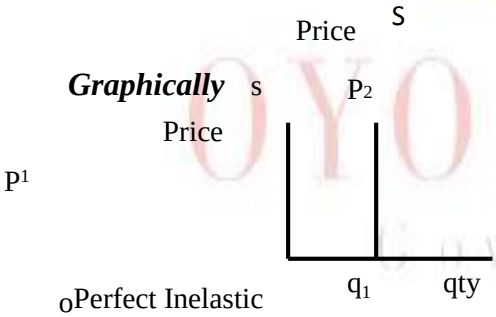
2) **Inelastic Supply:** This occurs when a large change in the price of a commodity or cost into perfect or fairly Elastic Graphically

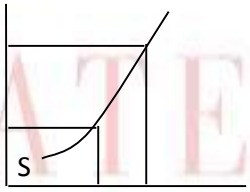
Here $\Sigma > I < \infty$



of production brings about a small or no change in quantity supplied. It divided into perfectly or fairly inelastic. Here $\Sigma < I > O$

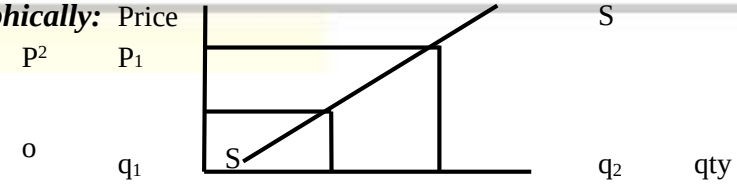
Graphically





3) **Unitary Elastic Supply:** This occurs when a change in price brings about an equal or proportional change in the quantity supplied of that commodity. Here $\Sigma = 1$

Graphically:



Unitary Elastic of

Supply

FACTORS THAT DETERMINING ELASTICITY OF SUPPLY

i) Cost of production ii) Time lag iii) Availability of market iv) Availability of storage facilities v) Cost of storage vi) Ease of entry and exit for new firm vii) Product durability

HOW TO DETERMINE ELASTICITY OF SUPPLY

Price Elasticity of Supply = P_Σ = % Δ in qty ss.

% Δ in price

Example: The below table shows the price of Milo and its supplied by the Producer.

Price	***Quantity Supplied***
1000	50
1200	100

i) Calculate price Elasticity of Supply ii) Is the co-efficient Elastic, Inelastic or Unitary.

Solution: P_Σ = % Δ in qty ss.

% Δ in price

% Δ qty = 100 – 50 – 100 = 50 x 100 = 100%

50 1 50 1

% Δ in price = 1200 – 1000 x 100 = 200 x 100 = 20%

1000 1 1000 1

: - P_Σ= 100% = 5

20%

(ii) It is Elastic, because the co-efficient is greater than one i.e $P_\Sigma > I < \infty$

WEEK SIX

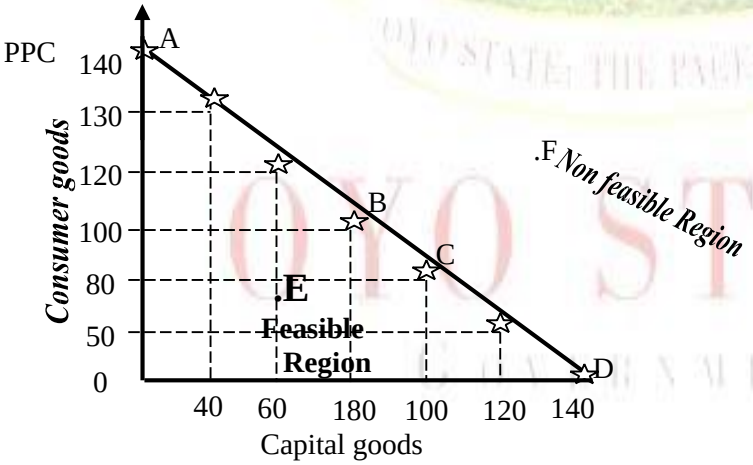
TOPIC: PRODUCTION POSSIBILITY CURVE (PPC)

This is a curve or graph which shows the various combination of two goods that can be produced with available resources, given the level of technology. This is also known asProduction PossibilityBound (PPB) or ProductionPossibility Frontier (PPF) or Production Transformation Curve (PTC)

Production Possibility Table: This is a hypothetical table showing the various combination of goods e.g durable and non-durable goods, capital and consumer goods.

Example:

Number of Capital Goods	Number of Consumer Goods
0	140
40	130
60	120
80	100
100	80
120	50
140	0



In the diagram above.

i. At any point inside the curve i.e E, it means that the available resources are not fully utilized i.e Underutilized.

ii. At point outside the curve i.e above curve 'F' it means the available resources are not sufficient to provide at that level. Here, production is not feasible it is non-feasible Region.

iii. At point A, all available resources are used in production of consumer good alone while at point D, all available resources are used in production of capital goods alone.

iv. At point C and B, all available resources are used on both capital and consumer goods. It shows the maximum commodities combination and is called PPC. It is economical or Utilized Region.

RELATIONSHIP BETWEEN PPC AND OPPORTUNITY COST

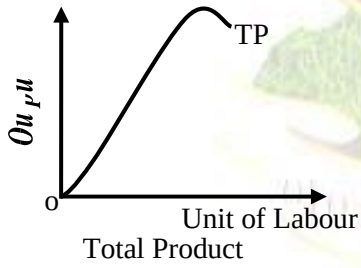
The negative slope of the PPC illustrates that there is an opportunity cost involved in the production of more of a commodity as less of the other will be produced due to limited resources and technical know-how. This cost is measured in terms of the quantity of the other commodity forgone or sacrificed.

CONCEPT OF PRODUCTIVITY

Productivity simply measures efficiency in the use of economic resources.

1) **Total Product (TP):**It is the total quantity of goods produced at a particular time by making use of all the factors of production. TP = APXQ

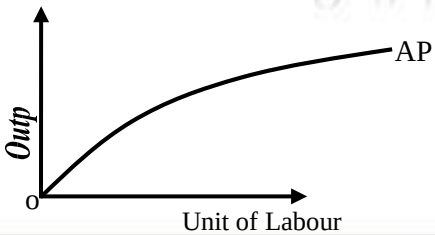
Q or X = unit of input employed e.g labour and AP = Average product



Total Product

2) **Average Product (AP):** This refers to the output per unit of product produced the variables factor (Labour or Capital) employed.

AP = $\frac{TP}{Q/X}$ where Q/X = no of men employed and TP = Total Product



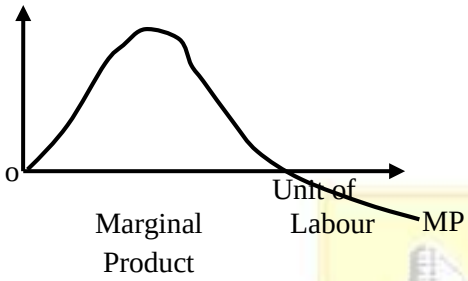
Average Product

3) **MarginalProduct (MP):** This is the additional product produced as a result of the application of additional unit of variable factor when all other factors are fixed.

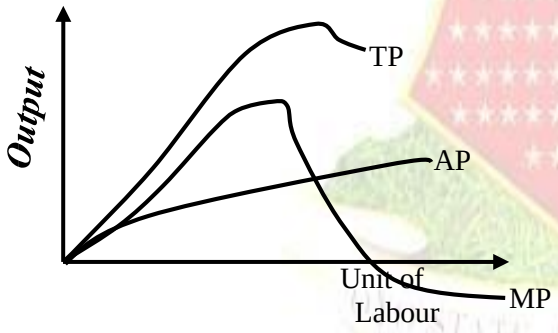
MP =ΔTP whereΔ means change

$$\frac{\Delta TP}{\Delta Q}$$

TP = Total product and Q is no of men employed



The Law of Variable Proportion or the Law of Diminishing Returns. The Law states that as more and more of a variable factor (e.g Labour) is added to a fixed factor (e.g Land), the total output initially increases up to a certain point (optimum) and later declines, the marginal output also increases up to particular point and later falls. Further addition of variable factors to the fixed factor will be increasing at a decreasing rate.



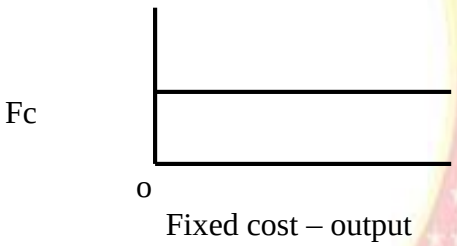
WEEK SEVEN

TOPIC: BASIC COST CONCEPT

Meaning of Costs of Production: This can be defined as the prices that a producer pays for the factors of production used in the process of producing goods and services.

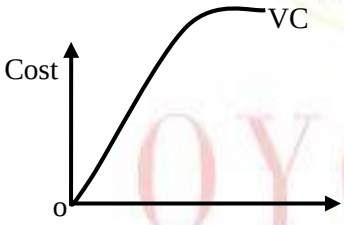
TYPES OF COSTS

1) Fixed Cost (FC): This is a cost which remains the same no matter the level of that output that is produced. Examples are; cost of machinery, motor vehicles, cost on land etc. Symbolically.



Mathematically, TFC = TC – TVC

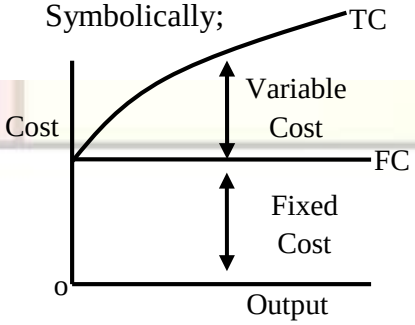
2) **Variable Cost (VC):** This refers to the cost which changes or varies as the output changes. Such costs are also referred to as direct or prime costs e.g expenditure on raw materials, labour wages or salaries, cost of fuel etc. Mathematically; TVC = TC – TFC



3) **Total Cost (TC):** This is the minimum cost that must be incurred by the producer to produce a certain quantity of a commodity. It is total fixed cost plus total variable cost.

Mathematically, TC = TVC + TFC

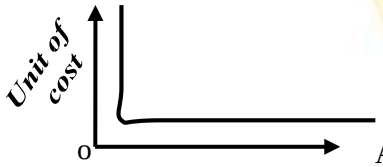
Symbolically;



Total Cost

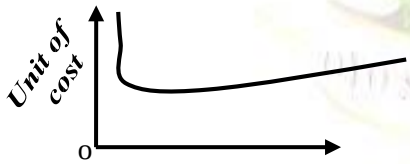
4) **Average Fixed Cost (AFC):** This is the Fixed Cost per unit of output i.e AFC = TFC / Q

Symbolically



Average Fixed Cost

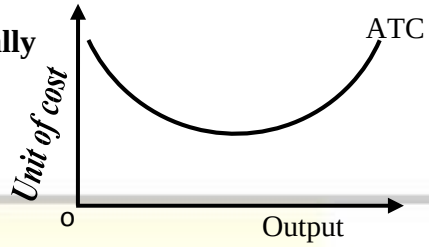
5) **Average Variable Cost:** This is variable cost per unit of output i.e AVC = TVC / Q



Average Variable Cost

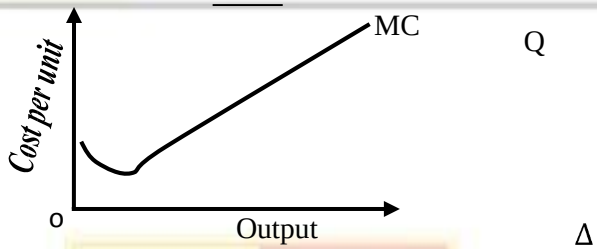
6) **Average Total Cost (ATC):** This is the total cost per unit of output. ATC is addition of Average Fixed Cost and Average Variable Cost i.e ATC = AVC + AFC

Symbolically



Average Total Cost

7) **Marginal Cost (MC):** This is a change in total cost as a result of an additional unit of output produced. Mathematically MC =ΔTC



Q

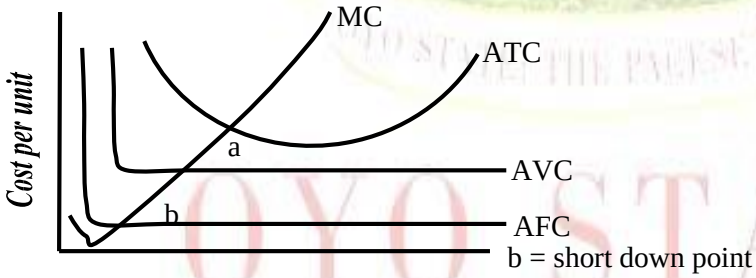
Δ

Marginal Cost

Cost Schedule

This table shows the combination of total

Output Q	Total Fixed Cost (TFC)	Total Variable Cost (TVC)	Total Cost (TC)	Average Total Cost (ATC)	Average Fixed Cost (AFC)	Average Variable Cost (AVC)	Marginal Cost (MC)
1	50	30	80	80	50	30	-
2	50	35	85	42.5	25	17.5	5
3	50	40	90	30	16.7	13.3	5
4	50	50	110	27.5	12.5	15	20
5	50	70	120	24	10	14	10



SHORT-RUN AND LONG-RUN COSTS PERIOD

- **Short-run:** This is a period of time when one or more inputs (factor of production) like machinery, buildings, land, equipment are fixed in quantity.
- **Long-run:** This is a period of time when all inputs can be varied freely. No room for any input to be fixed andentrepreneur can vary the inputs or factors such as machinery, buildings, land, equipments etc.

ECONOMISTS COST AND ACCOUNTANTS' COST

- Economist's view in term of opportunity cost, that is an expression of cost in term of forgone alternative. While Accountants view cost in term of actual amount of money spend in order to have a commodity. For instance, if Mr. Clark has₦3,000 and he desires to buy a television that cost ₦2,000 and an handset cost ₦2,500. If he eventually buys an handset, therefore, economists cost of an handset is a television that he did not buy while the accountant cost is₦2,500 in which is the money cost of an handset.

EXPLICIT AND IMPLICIT COST

- Explicit cost refers to the expenditure on the materials used in the process of production. It includes expenditure on raw materials, transportation, salaries, advertisement etc.
- Implicits cost refers to the cost of resources owned by the entrepreneur which are used in the course of production i.e self-employed and self-owned resources.

WEEK EIGHT

CONCEPT OF REVENUE

- **Revenue Concepts:** Revenue refers to the money income which a firm earned from the sale of its goods and services produced. It is price X quantity sold.
- **Total Revenue (TR):** This is the sum of all income earned from the sale of certain quantity of goods. It is calculated thus:

  TR= P x Q where

  TR= Total Revenue

  P= Price

  Q= Quantity Sold
- Average Revenue (AR): This is the revenue per unit of goods sold. It is calculated as

  $AR = \frac{TR}{Q} = P$ i.e AR = P

  AR is always = price
- **Marginal Revenue (MR):** This is the addition to total Revenue brought about by the sale of one more unit of a commodity. It is calculated as:

MR = ΔTR whileΔ means changes

ΔQ

Cost and Revenue Schedule

Output	Price	Total Cost (TC)	Total Revenue	Profit
1	10	5	10	5
2	10	15	20	5
3	10	35	30	-5
4	10	38	40	2

Profit =. πIt can be calculated as π= TR – TC

:- at output (1)π = TR – TC = 10 – 5 = 5

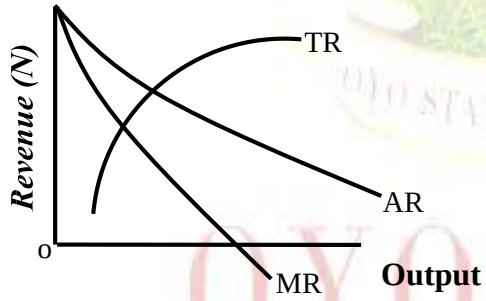
At output (2) π = TR – TC = 20 – 15 = 5

At output (3) π = TR – TC = 30 – 35 = -5

At output (4)π = TR – TC = 40 – 38 = 2

Therefore, the firm maximize his profit at output 1 & 2 and make loss at output 3.

REVENUE CURVE



Revenue Curve of a Monopoly

WEEK NINE

TOPIC: WAGE DETERMINANTION

Wages: This can be defined as the rewards paid for the services rendering by Labour. Daily, weekly or hours paid called wages while monthly paid called salary.

TYPES OF WAGES

1. **Nominal Wages:** This is the total amount of money a worker is paid at a particular period of time.
2. **Real Wages:** This is the purchasing power of Labour i.e the amount of goods and services the labour can use his money to buy. We can determine the wage through the followings ways: i. Price System: i.e force of demand and supply ii. Collective bargaining: This between Trade Union and employer.

iii. Government Activity and Policies

FACTORS THAT INFLUENCE THE LEVEL OF WAGES

1. Period of Training
2. The skill acquired at work
3. Forces of demand and supply
4. Role of Trade Union
5. Level of productivity

6. Sex consideration
7. Risks involved in a job
8. Government Policies

TRADE UNIONS

This is an association of workers seeking better working conditions for their members e.g Nigeria Labour Congress NLC, Nigeria Medical Association NMA, Nigeria Union of Teacher NUT e.t.c and the better working conditions could be salary structure, sick leave etc.

WEAPONS USED BY TRADE UNION

1) Negotiation i.e collective bargaining
2) Threat of strike i.e giving an ultimatum
3) Work to rule i.e working at a slow pace.
4) Picketing after strike, the workers stay at the entrance of their offices.
5) The ultimate strike i.e boycott of work.

PROBLEMS OF TRADE UNION

- Inadequate finance
- Weak leadership
- Political interference
- Mismanagement of fund
- Weak followership
- Unskilled Labour Leader

The Employers' Association

This is an association formed by employers of Labour in order to adopt a common policy and take a common stand in Labour matters e.g Nigeria Employers Consultative Association (NECA).

Functions of the Employers' Association

1. It protects the employers against injurious demand from the trade unions.
2. It prevents unfair competition among the employers.
3. It expresses the view of employers on monetary, fiscal, labour and social policies of the government.
4. It helps to settle dispute between members and their workers.

INSTRUMENTS USED BY EMPLOYERS' ASSOCIATION

i. Negotiation i.e collective bargaining ii. Strike breakers
iii. Blacklist dismiss of some workers for Union activities
iv. Lock-out – closing down until the dispute is resolved.

WEEK TEN

TOPIC: CONCEPT OF UNEMPLOYMENT

Unemployment: This is a situation where people that are eligible to work and are willing to work do not find employment.

Employment: This is when a person work to earn money either on weekly or monthly basis. It could be part time or full time and could be self employment. When all eligible people get work to do it regarded as FULL EMPLOYMENT.

CAUSES OF UNEMPLOYMENT

i) Inadequate industries ii) Poor Agricultural system iii) When supply is higher than demand iv) Over-population

v) Faulty Educational Systems

vi) Economic Recession vii) High cost of Education

viii) Advance Technology and Innovation ix) Use of capital intensive in production process

TYPES OF UNEMPLOYMENT

1) **Disguised Unemployment:** This is a situation whereby a worker engages in a job when his potential is underutilized or not fully utilized e.g if a chemical engineering teaching in Nursery and Primary School as a teacher. It is also called underemployment.

2) **Frictional Unemployment:** This is a situation whereby a worker switching from one job to another is unable to get job or when a labour left this present job with the hope of getting another better job.

3) **Voluntary Unemployment:** People are not working because they do not want to work, not because they cannot find jobs.

4) **Seasonal Unemployment:** This occurs as a result of nature of the product of the goods involved e.g An ice block seller may be unemployed during rainy season.

5) **Structural Unemployment:** This occurs when there is a change in the pattern of demand of certain goods or a change in technological progress e.g use of computer replace use of typewriter.

6) **Residual Unemployment**: This is the type of unemployment that occurs as a result of mental and physical disability.

EFFECTS OF UNEMPLOYMENT

(1) It increase crime rate
(2) It reduces investment
(3) It reduces standard of living
(4) Wastage of manpower
(5) It may lead to stagnation of the economy
(6) It constitutes threat to peace.
(7) It increase in Dependants

SOLUTIONS TO THE PROBLEMS OF UNEMPLOYMENT

1) Adoption of Labour Intensive Technique of production.
2) Establishment of many industries by government and people.
3) Making Agriculture more attractive.
4) Population control (Effective)
5) Restructuring of our faulty Education Curriculum.
6) Reduction in the cost of Education.
7) Creation of more Local Governments and States.

SECOND TERM

WEEK ONE

REVISION OF LAST TERM'S WORK

WEEK TWO

CONCEPT OF UTILITY

Utility is the amount of satisfaction derived from consumption of particular commodity or service at any particular time. It does not have anything to do with usefulness of a commodity but the desire for it.

TYPES OF UTILITY

1) **Place Utility:** This is the satisfaction derived from the consumption of a commodity that is not produced within the consumer's geographical location e.g Satisfaction derived from imported goods like cars, shoes, clothes etc.

2) **Form Utility:** This is the satisfaction derived from the consumption of a commodity that has been transformed from its original form in order to add more value to its utility e.g cocoa is transformed to beverage (bournvita).

3) **Time Utility:** This is the satisfaction derived from the consumption of a commodity which has been stored for use. For example, kegs of palm-oil stored for use in future.

APPROACHES TO CONSUMER BEHAVIOR

(1) The Cardinal Approach

(2) The Ordinal Approach

1. Cardinal Approach: The cardinal approach argued that utility can be measured in utils or in monetary unit. The satisfaction consumer derived from any commodity consumed is measurable in utils or monetary unit.

ASSUMPTIONS OF CARDINAL APPROACH TO UTILITY

i. Rationality ii. Utility measurement iii.

Total utility increase at a decreasing rate iv.

Diminishing marginal utility

v. Constant marginal utility of money

CONCEPTS OF THE CARDINAL APPROACH

1. **Total Utility:** This is the addition of all the satisfaction derived from the consumption of a particular commodity. It can be calculated as TU = AU X Q.

2. **Marginal Utility:** This is the amount of satisfaction derived by a consumer from the consumption of an extra unit of the commodity. It can be calculated as MU $= \frac{\Delta TU}{\Delta Q}$ where Δ = change, Q = quantity consumed

3. Average Utility: This is the total amount of satisfaction derived by a consumer per unit of a commodity consumed. It can be calculated as $AU = \frac{TU}{Q}$

HOW TO CALCULATE AN UTILITY

Utility Schedule:

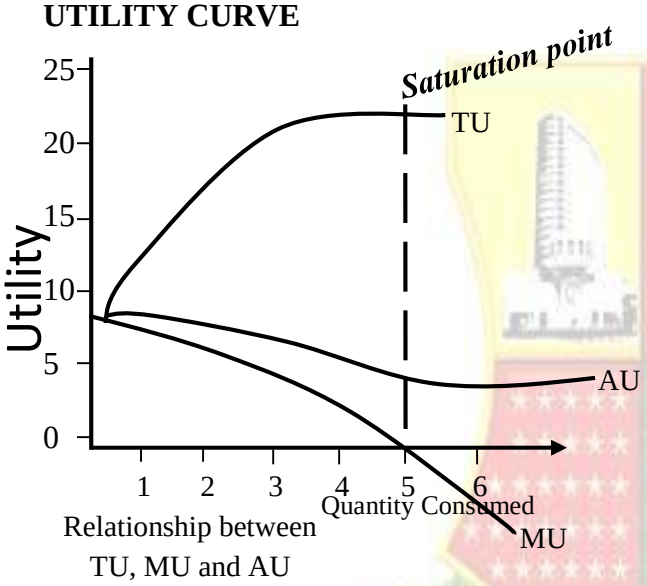
Quantity of goods consumed	Total Utility	Average Utility	Marginal Utility
1	8	8	-
2	14	7	6
3	19	6.3	5
4	24	6	5
5	24	4.8	0
6	22	3.6	-2

The formular used:

- Total Utility – TU = AUXQ = For Output 1, TU = AUXQ = 8x1 = 8
- Average Utility AU = TU/Q = For Output 2, AU = TU/Q = $^{14}/_{2}$ = 7
- Marginal Utility MU = ΔTU = for Output 3, MU = ΔTU = 19–14 = 5 = 5

$$\frac{}{\Delta Q} \qquad \frac{}{\Delta Q3\text{-}2} \qquad \frac{}{1}$$

UTILITY CURVE



Relationship between TU, MU and AU

WEEK THREE

LAW OF DIMINISHING MARGINAL UTILITY

The law of Diminishing marginal utility states that the amount of satisfaction an individual derives from extra unit of a commodity increases to a point and later decreases as the consumption of that commodity continues to increase.

The law of diminishing marginal utility serves as the basis of demand, that states the higher the price, the lower the quantity demanded and the lower the price, the higher the quantity demanded.

Criticisms of the Law of Diminishing Marginal Utility

1. The law of diminishing marginal utility does not start operating as soon as consumption is increased.
2. It is not always true the marginal utility decreases with increased consumption of a commodity.
3. The assumption that all commodities are divisible into units is unrealistic.

Importance of the Law of Diminishing Marginal Utility

Law of Diminishing marginal utility serves as the basis demand that states the higher the price, the lower the quantity demanded. It explains why demand curve slops downward from left to right.

Utility Maximization or Consumer's Equilibrium

The equilibrium is attained by the consumer when he buys each commodity at the price that is equal to its marginal utility, MUX = PX. For two or more commodity, equilibrium is attained by the consumer when the marginal utility per naira spent on a commodity equals the marginal utility per naira spent on other commodities i.e MUX = MUy ….. MUz

$$\frac{}{Px} \quad \frac{}{Py} \quad \frac{}{Pz}$$

2. The Ordinal Approach

The ordinalists argue against the cardinal approach assumptions in their prepositions. Ordinalist argued that utility is not measurable, i.e it cannot be measured in units or monetary units, rather the consumer can only prefer a commodity to the other, thereby ranking his preference for different commodity.

Assumptions of the Ordinal Approach to Utility

i) Ordinality ii) Rationality iii) Consistency iv) Transitivity

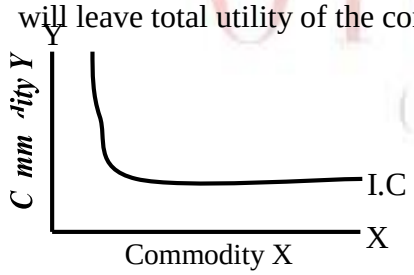
v) Indifference Point

vi) Functionality of Total Utility and Quantity Consumed

Indifference Curve

This is the graphical representation of the different combinations of two commodities, which will leave total utility of the consumer unchanged.

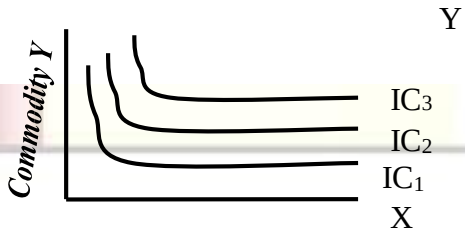
Indifference Curve



Commodity X
Indifference Curve

Indifference Map

This can be defined as the several indifference curves plotted on the same graph for the various combinations which give the different levels of total utility.

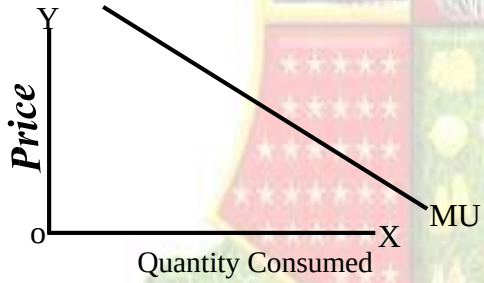


Commodity X
Indifference Map

Why Diminishing Marginal Utility is downward sloping or Relationship between Law of Diminishing Marginal Utility and Demand Curve.

The diminishing marginal utility is downward sloping as a result of changes (increase or decrease) in price of a commodity. When the marginal utility is high, a consumer is willing to pay more and pay less when the marginal utility is low.

Graphically



From the diagram above, when the marginal utility derived is high, the consumer is willing to pay high price and vice versa.

WEEK FOUR

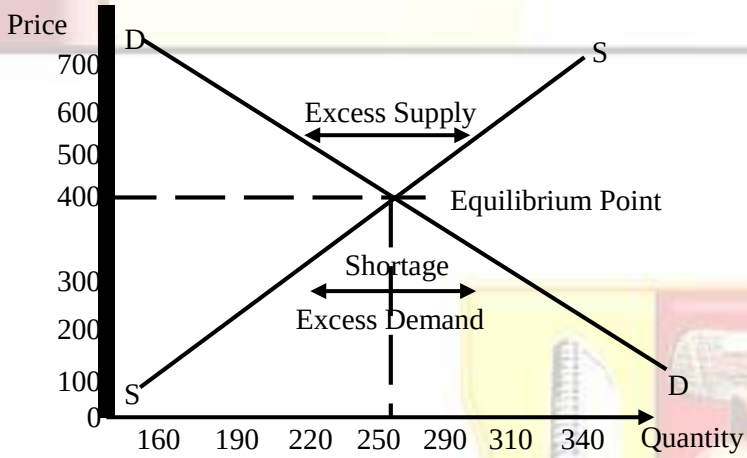
DETERMINATION OF EQUILIBRIUM PRICE AND QUANTITY

- **The Equilibrium Point:** This is the point at which quantity supplied and quantity demanded are equal.
- **The Equilibrium Quantity:** This is the quantity at which supply equals demand.
- **The Equilibrium Price:** This is the price at which the quantity supplied equals the quantity demanded.

MARKET EQUILIBRIUM: This is a situation in which the quantities of the product which buyers are willing to buy at the prevailing price is exactly the quantities which sellers are willing to sell.

Market Demand and Supply Schedule for "Bread"

Equilibrium Curve



Price Per Bottle (₦)	Quantity Demanded Per Week	Quantity Supplied Per Week
700	160	340
600	190	310
500	220	290
400	250	250
300	290	220
200	310	190
100	340	160

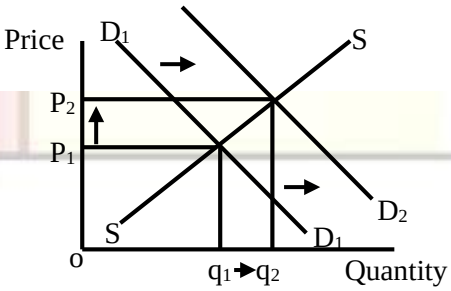
From the above diagram, the equilibrium point is E, where the price is ₦400, per Bread. At this point, the quantity demanded is exactly equal the quantity supplied i.e 250 loafs of bread.

Effects of Changes in Demand on Equilibrium Price and Quantity

1. **Effect of an Increase in demand with supply constant**

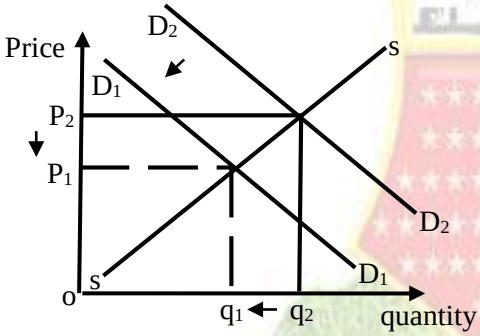
   An increase in demand refers to a shift of demand curve to the right, if the demand for a commodity increases while supply remains constant, there will be an excess of demand over supply. Thus, the effect of such is that, there will be an increase in both the equilibrium price and quantity of the commodity.

Symbolically D_2



Effect of an increase in demand
on Equilibrium price and Quantities

2. **Effect of a Decrease in Demand with supply constant:** The decrease in demand indicates a shift of the demand curve to the left. As a result of this, there will be an excess supply over demand and the resultant effect of such is that there will be a decrease in both the equilibrium price and quantity of the commodity.

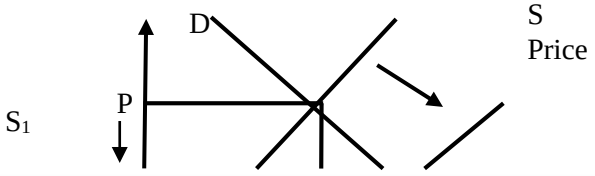


Effects of Decrease in demand on
Equilibrium price and Quantity

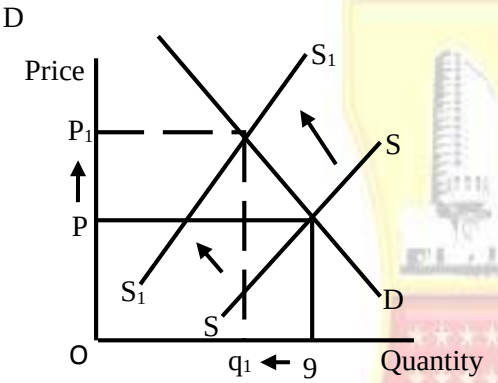
Effects of Changes in Supply on Equilibrium Price and Quantity

1. **Effect of an increase in supply with demand constant:** This is a situation in which the supply curve shifts to the right while the demand curve stays in its original position. Thus, there will be an excess of supply over demand and the effect of such will be a decrease in the equilibrium price and an increase in the equilibrium quantity.

Graphically



2. **Effect of a Decrease in supply with Demand Constant:** In this case, the supply curve shifts to the left while the demand curve remain constant. Thus, there will be an excess of demand over supply. The effect of such a shift is that the equilibrium price will increase but the equilibrium quantity will decrease.



Effect of decrease in supply on Equilibrium Price and Quantity

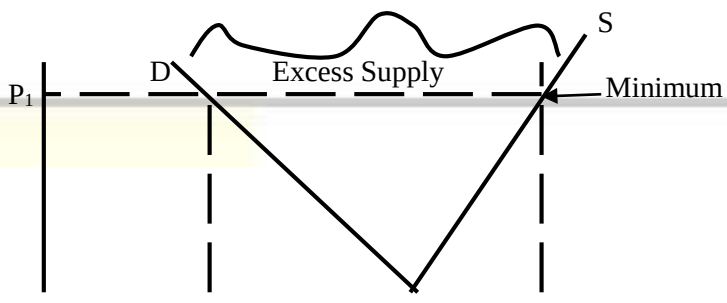
WEEK FIVE

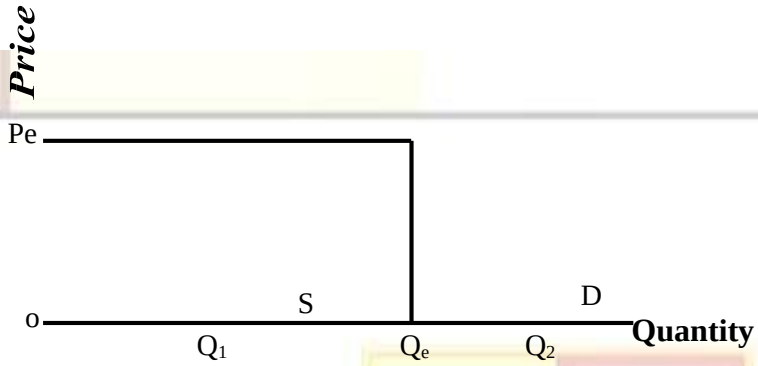
TOPIC: PRICE CONTROL/LEGISLATION

This is when the government or its agency fixes the price of important goods and services in order to protect buyers and sellers.

Types of Price Control Policy

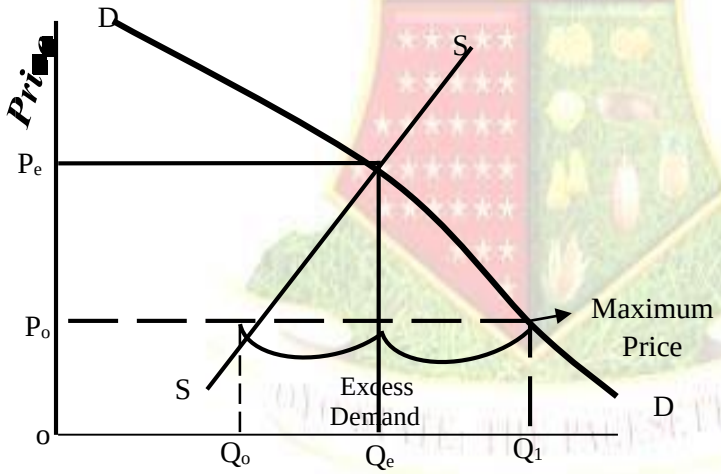
1. **Minimum Price Legislation:** This is the lowest price fixed by the government by which the specified goods and services cannot be sold or bought. In agricultural sector, the government makes laws of fixed prices or gives price floor to protect farmers against fall in their income. It can be illustrated with the aid of diagram below:





From the diagram, the minimum price is set at OPi, which is above the price market equilibrium price OPc. This is done to allow the producers make profit.

2. **Maximum Price Legislation:** It is a price set by the government above which the specified goods and services cannot be sold or bought. It is set to protect the consumers and to control inflation. It can be illustrated with the aid of diagram below:



From the diagram, the maximum price is set at Opi which is below the free market equilibrium price Ope. This is done to protect the consumers. At price OPo the consumers are willing to buy OQi while the supplier or producer are willing to supply OQo.

Objectives of Price Control Policy

1) To control inflation in the economy
2) To control exploitation on consumers by producers
3) To plan for the future
4) To sustain income stability for producers
5) To assist low income earners
6) To stabilize price of commodities
7) To manipulate profit of monopolist

Definition of Terms
RATIONING SYSTEM

This is a system in which a maximum quantity of a commodity which can be bought is assigned to every consumer.

BLACK MARKET

This is an arrangement in which scarce commodities are sold secretly to consumer but at a price higher than the fixed price by the state.

Effects of Maximum Price Control Policy

1) It leads to black market
2) It promote hoarding of commodities
3) Income of producers whose products' price are controlled will fall
4) It promote excess demand for goods and services 5) Producers may sell only to regular customers.

Effects of Minimum Pricing Control

1) It leads to excess supply
2) It discourages the consumption of the commodity whose price is so fixed 3) It results in wastage of resources from low patronage of the commodity.
4) It increases the demand for substitutes of the commodity whose price is so fixed.

WEEK SIX

TOPIC: MARKET STRUCTURE

Market in economics can be defined as any arrangement, system or medium where buyers and sellers of goods and services are brought into commercial contact with one another for the purpose of transaction business.

Types of Market According to Price and Output Determination They are:

i) Perfect Market ii) Imperfect Market

Perfect Market: This is the type of market in which neither to buyer nor seller can simultaneously influence the price and quantity supplied, this is because there are many buyers and sellers selling at almost uniform prices of a particular product or commodity.

Condition/Characteristics of a Perfect Market

1) Large number of buyers and sellers
2) Homogenous commodity
3) Portable Goods
4) There is free entry and exits of buyer and seller
5) No transport cost
6) No Government Intervention
7) No preferential treatment
8) Free flow of information
9) Perfect mobility of factors of production
10) Each seller or buyer is a price taker

Imperfect Market: An imperfect market is a market situation whereby either the producer or buyer act in a way that has influence on either the price of the commodity or the quantity supplied of such commodity. An imperfect market lacks all or some of the features of a perfect market.

Why Imperfect Competition is the Rule:

i) Transport Cost ii) Ignorance on the part of consumer iii) Branding iv) The need for large capital investment v) Sole ownership

Characteristic/Condition for Imperfect Market

i) The cost of production in each firm differs from other firms ii) There is no freedom to join or leave industry as one wishes iii) The goods produced are not the same through branding and trade marks iv) There are few sellers who can influence either price or output v) Seller treat buyers differently, he may sell at different prices vi) The goods may not be portable therefore they are sold at different prices.

TYPES OF IMPERFECT MARKET i) Monopoly

ii) Monopolistic competition

iii) Duopoly iv) Oligopoly

v) Monopsony

Monopoly: This is a market situation where there is a single producer who acts in such a way that he alone determines either the price or quantity supply but he cannot do both at the same time.

Characteristics of Monopoly

i) There is only one producer of the product ii) There is no free entry and exit iii) There is no perfect knowledge about the market iv) No close substitute to the goods produced v) He is a price setter or maker vi) Lack of Homogenous product.

TYPES OF MONOPOLY

i) Pure Monopoly i.e a single producer produces the entire goods ii) Bilateral Monopoly i.e only one producer and one buyer iii) Discriminating Monopoly i.e selling the same product to different buyers at different prices.

OLIGOPOLY

This is a type of market where there are few sellers who control the market but many buyers e.g cement industry, cars, cigarette, steel rolling industry etc.

DUOPOLY: This is a type of market where there are only two sellers or firms who control the market with many buyers.

Monopolistic Competition: This is a market situation where there are many sellers of close substitutes goods. It combines some features of monopoly and perfect competition.

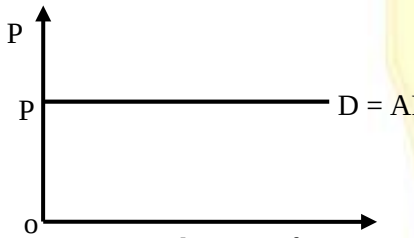
Characteristics of a Monopolistic Competition

1) Product differentiation
2) Heterogeneous commodity
3) Large number of buyers and sellers
4) Price variation
5) Free entry and exit 6) Advertisement

WEEK SEVEN

PRICE AND QUANTITY DETERMINATION UNDER A PERFECT MARKET

Perfect market has a unique market cost structure. Its line is horizontal. The demand in a perfect market is perfectly elastic. No individual seller or buyer can influence the price of the commodity since each seller contributes only small unit to the market. They almost sell their products at the same price.

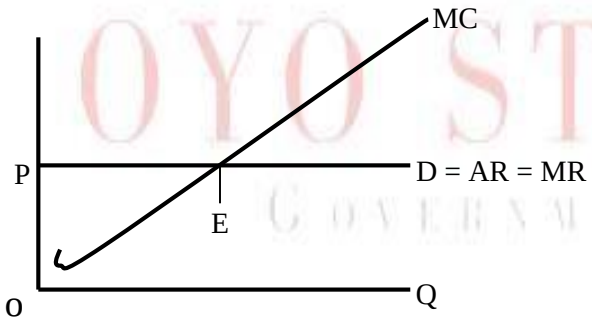


Demand Curve of a Perfectly competitive firm.

Condition under which cost curves of a perfect market are based -

Price is uniform as non of them cannot influence the price.

- Each producer in a perfect market is faced with a perfectly elastic demand.



- From the diagram above, price = demand i.e P=D = AR
- The marginal revenue equals to the price of the commodity. P = MR, since P = D, Therefore P = D = MR
- The firm's average revenue is equals price i.e P = AR
- Therefore, P = D = AR = MR

TR = PQ

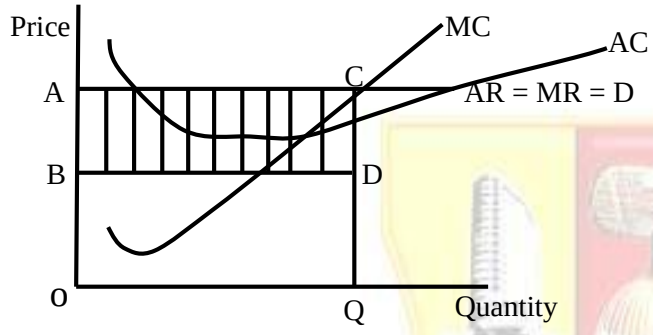
AR = PQ = P : - AR = P

—

Q

- The marginal cost curve (MC) intersects with average cost curve (AC) at the lowest point.

The abnormal profit in short run of a perfect competitor



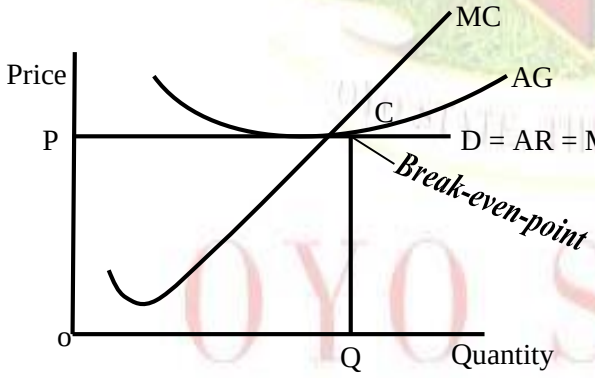
The rectangle ABCD is the abnormal profit region for a perfect competition firm. Profit = π = TR – TC. Where π = Profit, TR = Total Revenue and TC = Total Cost

: - TC = OBDQ, TR = OACQ
π = TR – TC π =

OACQ – OBDQ π =

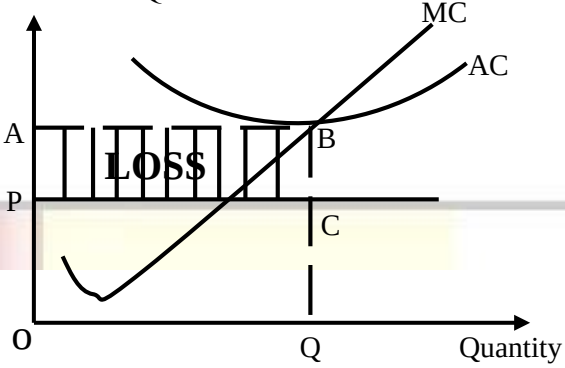
ABCD

The Normal profit in long Run of a perfect competitor



In the above curve, π = TR – TC, where TR = OPCQ and TC = OPCQ.

: - π = OPCQ – OPCQ = O



: - π = TR – TC, TR = OPCQ, TC = OABQ

: - π = OPCQ – OABQ

π = PABC

PRICE AND OUTPUT DETERMINATION UNDER MONOPOLY

A monopoly can make super normal profit both in the short-run and long-run. Hence, the same cost curve is applicable to the two production periods. The following are the conditions under which the cost curve of a monopolist is based.

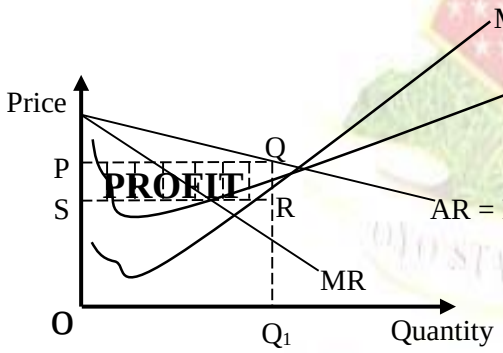
i. A monopolist is faced with a normal demand curve.

ii. The demand curve equals the Average Revenue Curve, D=AR iii. A monopolist's Marginal Revenue Curve falls below the Average Revenue Curve because she sells the marginal output at a price below the previous ones.

iv. The Marginal Cost (MC) curve intersects (cut across) the Average Cost Curve (AC) at the lowest point.

v. Profit is maximized where MC = MR

Short Run and Long Run Monopolist



The Super normal profit of a monopolist is enjoyed both in the short-run and long-run. This is simply due to the fact that she is the only producer in the market.

From the diagram above, profit i.e π = TR – TC

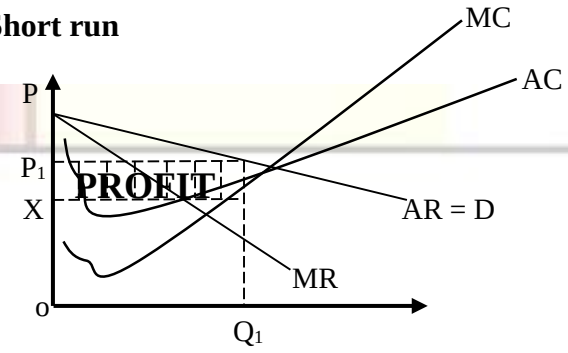
Where TR = OPQQ and TC = OSRQ,

: - π = OPQQ – OSRQ

π = PQSR

PRICE AND OUTPUT DETERMINATION UNDER MONOPOLISTIC COMPETITION

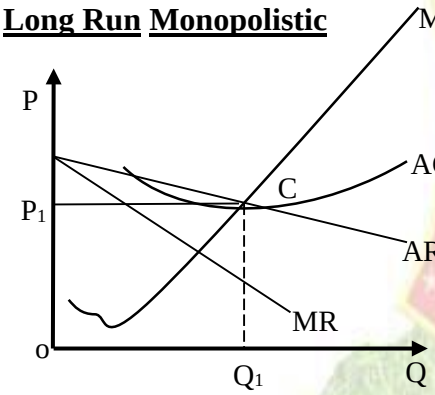
Short run



Profit i.e $\pi = P_1XYZ$ = Abnormal Profits

Therefore, short run equilibrium of the monopolistic competition firm is like that of the monopolist – he makes abnormal profit.

Long Run Monopolistic



He earns normal profits from the above curve, i.e No Loss No Gain. Here, TR = TC = π
i.e π = Profit = TR – TC TR =

OP_1CQ_1 and TC = OP_1CQ_1

: - $\pi = OP_1CQ_1 - OP_1CQ_1$

$\pi = O$

WEEK EIGHT

TOPIC: INDUSTRIAL CONCEPTS

Firm: A firm is an independently administered business unit carrying out production, construction, or distributive activities e.g Globacom, MTN, Cocacola.

Industry: An industry can be defined as group of firms producing similar products under different managements; e.g textile industry, cement industry, block industry, and communication industry.

Plant or Factory: This is the building where production is organized.

TYPES OF INDUSTRY

1) **Manufacturing Industry:** The transformation of raw materials into finished goods e.g Palm oil into Soap and Pomade, Clothing from Cotton etc.
2) **Mining Industry:** This industry involved the extraction of mineral resources from land. Such as Crude oil, gold, diamond, coal, tin etc.
3) **Construction Industry:** This is the industry that engages in activities such as construction of bridges, roads, pipeline,carpentry, welding, boats etc.
4) **Transport and Communication Industry** e.gNITEL, MTN, Airtel, Glo etc.
5) **Electricity Industry:**This industry involved the generation of electric power (NEPA0PHCN; Power Holding Company Nigeria Limited. The generation and distribution and transmits of power in Nigeria.

Location of Industry: Location of industry is the sitting or setting up of an industry in a place, region or an area.

Factors Affecting Location of Industry

1) Closeness to source of raw materials
2) Effective transportation and communication
3) Nearness to power supply
4) Good supply of labour
5) Political stability
6) Government policy
7) Closeness to large market
8) Availability of Social Amenities
9) Availability of Land
10) Nearness to financial institutions
11) Favourable climatic conditions
12) Location of other industries

Reasons for Government Participation In Location of Industries

1) **Spread:** To make sure that industries are spread all over the country.
2) **Loyalty:** To favour political loyalist pay them for their loyalty
3) **Rural:** Urban migration to reduce rural urban migration
4) **Employment:** To create employment for the people, especially young school leavers
5) **Strategic Reason:** for strategic reasons, the arms and ammunition industries are essential to national security and must be protected from competition.

6) **Environmental Pollution:** To avoid environmental pollution, the government therefore creates industrial estates e.g Ilupeju Industrial Estate in Lagos.

7) **Infrastructural Facilities:** To provide more infrastructural facilities needed by industrial areas.

8) **Economic Development:** To ensure even and rapid economic development

9) **Monopoly:** To avoid private monopoly which will exploit consumers with high prices but poor quality goods.

10) **Foreign Dominance:** To prevent foreign dominance of the economy.

11) **Standard of Living:** To raise the standard of living of the people.

12) **Standardization:** To ensure standardization of some locally made goods.

WEEK NINE

TOPIC: LOCALIZATION OF INDUSTRIES

Localization of Industries: This is the establishment of many similar industries or concentration of firms in a particular area for economic, social geographical or political reasons.

FACTORS THAT ENCOURAGE LOCALIZATION OF INDUSTRIES

1) The availability of Raw materials 2) The availability of Labour

3) The availability of Infrastructural

4) Technical Economics

5) The avaialability of marketing facilities

6) Joint Research and Training

7) Government Policy

ADVANTAGES OF LOCALIZATION OF INDUSTRIES

1) Inter-depence of firms

2) It creates employment for the citizens

3) Development of subsidiary industries

4) Provision of Social Amenities

5) Conduct of Research

6) Development of organized market

7) Urbanization

8) Rural Economic Development

9) Technical Linkage

DISADVANTAGES OF LOCALIZATION OF INDUSTRY

1) Congestion
2) Shortage of social amenities
3) Unequal development
4) Structural Unemployment
5) Social vices
6) Causes Pollution
7) Target for destruction
8) It causes migration

STRATEGIES FOR INDUSTRIALIZATION

1. **Import Substitution Strategy:** This is a method of production whereby imported goods are replaced with domestic goods.
2. **Export Promotion Strategy:** This is a strategy that is geared towards promoting exportation of goods produced locally.
3. **Small Scale Industrialization:** This is the establishment of large number of small scale industries in a country in order to get the industry industrialized.
4. **Balanced Growth Strategy:** This strategy advocates the development of all sectors of the economy simultaneously.

Problems of Industrialization in Nigeria

1) Shortage of capital
2) Shortage of skilled labour
3) Shortage of raw materials
4) Foreign dependence
5) Inadequate use of research findings
6) Inadequate financial institutions
7) Inadequate storage facilities
8) Unstable political system
9) Corruption and Mismanagement
10) Poor transport system
11) Bad government policies

Solution to the Problem of Industrialization in West Africa

1) Acquisition of necessary skill
2) Good Government policies
3) Incentives to Local Industries

4) Efficient Transportation systems
5) Effective management training
6) Establishment of Industrial Banks
7) Stable Government
8) Building and maintenance of infrastructural facilities
9) Consumption of Local product
10) Local sourcing of Raw Materials

Roles of Industrialization in Economic Development of a Country

1) Economic development
2) Employment
3) Increased productivity
4) Reducedprices
5) Savings
6) Investment
7) Diversification
8) Foreign exchange
9) Exporting ability
10) Boost agriculture
11) Self-sufficiency
12) Technical development
13) Skilled manpower
14) Output level

WEEK TEN

TOPIC: AGRICULTURE PROBLEMS

OF AGRICULTURE

i) The use of crude implements ii) Poverty iii) Illiteracy and ignorance iv) Lack of medical facilities

v) Inadequate supply of Agricultural inputs

vi) Pest and diseases vii) Poor marketing system viii) Lack of storage facilities ix) Problem of Land Tenure System x) Poor

Transportation System xi) Lack of Credit Facilities xii) Inadequate Research

Solutions to the Problems

i) Provision of modern storage facilities ii) Effective control of pests and diseases iii) Farmers' Education iv) Provision of Credit facilities

v) Improvement of Transport System vi) Provision of Medical Facilities vii) Improve Irrigation viii) Appropriate Research ix) Amendment to the Land use tenure x) Control of Erosion

Agricultural Policies in Nigeria

This is the manifestation of specific government instruments to influence the pattern of resources allocation and utilization.

The Roles of Government in Agriculture Development in Nigeria

i. Provision of Credit Facilities ii. Establishment of Agricultural Programmes iii. Provision of Farm Inputs iv. There is provision of storage and processing facilities v. Provision of Basic Amenities

vi. Provision of Efficient Transportation System vii. Provision of Pest and Disease Control Services

viii. Provision of Research Findings ix. Provision of Agricultural Education x. Provision of Basic Amenities

VARIOUS AGRICULTURAL DEVELOPMENT PROGRAMMES IN NIGERIA

1) Operation Feed in Nation (OFN)
2) Integrated Rural Development Programme
3) River Basin Schemes
4) National Accelerated Food Production Scheme
5) The Establishment of Agricultural and Co-operative banks
6) Green Revolution Programme (GRP)
7) Agricultural Credit e.g
8) Land use Decree to remove land act bottlenecks

THE MARKETING BOARD

This is a public corporation established to help grade, purchased and market agricultural produces.

Functions/Roles of Marketing Boards

1) Purchasing of farm produce
2) Grading of farm produce
3) Appointment of Agents
4) Revenue Generation
5) Processing of Export Crops
6) Economic Development
7) They act as middlemen
8) Financial Assistances
9) Provision of Specialist Services
10) Crops collection and Evacuation

PROBLEMS OF MARKETING BOARDS

1) Inadequate Finance
2) Problems of over-production
3) Weather and Climate
4) Administrative problems
5) Illiteracy
6) Political problem
7) Low Demand
8) Transportation problem
9) Inexperienced Agents
10) Fluctuations in the markets

THIRD TERM
WEEK TWO

PUBLIC FINANCE

Public finance refers to the financial operations of government of a country. Infact, public finance is an aspect of economics that deals with the management of public funds, and the way the government gets it revenue [income] and how it spends its [expenditure].

OBJECTIVES OF PUBLIC FINANCE

1) Price Stability
2) Maintenance of Law, Order and Security
3) Security
4) Equitable Distribution of Income
5) Control of Consumption
6) Economic Development
7) General Administration

FISCAL POLICY

Fiscal policy means the use of taxation and public expenditure of the government for stabilization or growth of economy.

OBJECTIVES OF FISCAL POLICY

1) Economic Development
2) To control inflation
3) Revenue
4) Creation of Employment
5) Income Redistribution
6) Industrial Development 7) Economic Stability

REVENUE ALLOCATION

Revenue allocation means the sharing of the country's money between the component parts of the nation, that is between the central, state and local governments.

Revenue allocation is grouped into two major parts.

1) Horizontal Revenue
2) Vertical Revenue

CONCEPT AND CRITERIA FOR REVENUE ALLOCATION [INCLUDING RESOURCES CONTROL]

1. Derivation
2. Local and state government with larger landmass receive more revenue than those with less landmass.
3. Local government and states with larger population get more revenue than those with smaller population.
4. Revenue Generation.
5. Equality.

RESOURCE CONTROL

Expectedly the government of 17 Southern State proclaimed its preference for fiscal federalism based on the principles of national interest; need and deviation.

WEEK THREE

TOPIC: SOURCES OF GOVERNMENT REVENUE

1) **Taxes:** Taxes are compulsory levy impose on commodity, individual and firms by government.

2) **Fees:** These are payment a person makes to make use of government property and services e.g court fees.

3) **Fine:** Fines and penalties are not imposed to collect revenue but to punish the people for the infringement ofstate laws.

4) **Grant and Gift:** Gifts and grants are voluntary contribution made by individual, society and developed country.

5) **Loan:** Government can borrow money from international financial institution, individual and corporate organization to finance its project.

6) **License:** Government receives revenue from issuance of licenses to people to operate a particular business e.g driver license.

7) **Stamp Duties:** Government receives revenue from endorsement of document to make them legal e.g building plan.

TAXATION

Taxation is the sum of money levied and could be in the form of direct taxes or indirect taxes.

DIRECT TAX

A direct tax is a type of tax that is paid by the person to whom it is imposed by government agency be it on income of individual or profit, rent, interest of organizations.

INDIRECT TAX

Indirect taxes are taxes imposed by government on goods and services that are usually borne by the producers in the initial stage before shifting them to final consumers.

INCIDENCE OF TAXATION

1) Formal Incidence
2) Effective Incidence of taxation

EFFECTS OF PUBLIC EXPENDITURE

1) Effect on production
2) On credit and Banking facilities
3) Effect on Employment
4) Wealth Redistribution
5) Price Level

WEEK FOUR

BUDGET

Budget has been derived from theFrench word "Bougette" which means a leather bag or a wallet. Budget is a financial statement made by the government spending out estimated government revenue and proposed expenditure for the coming financial year.

BALANCED BUDGET

Balanced budget is a budget in which the estimated government revenue is equal to the proposed expenditure for a given financial year.

BUDGET SURPLUS

A budget is said to be a surplus budget if the proposed government expenditure is less than the expected government revenue during a financial year.

BUDGET DEFICIT

Whenever the estimated government revenue is less than proposed expenditure for a given financial year, then that is budget deficit.

WAYS OF FINANCING BUDGET DEFICIT

1) Central Bank
2) Borrowing from External Sources
3) Borrowing from Internal Sources
4) Foreign Aid

WEEK FIVE

TOPIC: NATIONAL INCOME

National income can be defined as the sum of all incomes earned by the factors of production in the economy during a specific period of time, usually a year.

NATIONAL INCOME CONCEPT

1) Gross Domestic Product (GDP)
2) Gross National Product (GNP)
3) Net National Product (NNP)
4) Personal Income
5) Disposable Income
6) Per Capita Income
7) Real Income
8) National Income (Y)
9) National Income at Market Price
10) National Income at Factor Cost

MEASUREMENT OF NATIONAL INCOME

1) Output Approach/Method
2) Income Approach/Method
3) Expenditure Approach/Method

WEEK SIX

TOPIC: USES OF NATIONAL INCOME ESTIMATES

1) **In determine economic situation:** It determines the rate of economic growth and development.
2) **For Sectoral Comparism:** With the data collected from each sector in the economy
3) **To compare Economic Growth Among Nation:** Comparing the nations would make the nation to know if there is progress or not.
4) **Economic Planning:** A nation uses her national income estimate for both short and long term economic planning.
5) **To Reveal Income Distribution:** It keeps the government to know the form of tax to be adopted so that income would be distributed fairly.
6) **To Estimate Per Capita Income:** This is done using the population of the country income divided by the population.
7) **To Compare the Standard of Living:** It is used to calculate the national income per head to estimate the standard of the people.
8) **Wealth Generation:** To show changes in the way in which the economy generates its wealth.
9) **Estimation Purpose:** To estimate the assets and liabilities of a country.

LIMITATION OF NATIONAL INCOME

1) Income Distribution; It does not show pattern of income distribution in the country.
2) National Income Estimate neglects other factors
3) It fails to tell the types of goods produced
4) Per Capita Income calculation
5) Use of the Different Techniques
6) Environment Damage
7) Inability of detect people suffering
8) Discriminatory Computation
9) Priorities
10) Value of money

WEEK SEVEN

TOPIC: MONEY MARKET

Money market is a financial market that provides short-term finance for investors.

ADVANTAGES OF MONEY MARKET

1) It promotes savings
2) It promotes Economic Development
3) Provides funds
4) Creates more income
5) Stimulates investment because of interest available on investments

Capital Market: This is made up of financial organization that brings Long-term borrowers and Long-term lenders together.

ADVANTAGES OF CAPITAL MARKET

1) It provides opportunity for citizen to participate in the running of the economy.
2) It mobilizes savings for investment purposes.
3) Capital market provides investment advice to the public.
4) It provides Long-term capital to prospective investors
5) Long-term investment opportunities is provided to the public which may give them regular income.
6) Merchant banking can be encouraged through capital market Long-term investment.

WEEK EIGHT

TOPIC: REGULATORY/AGENCIES IN NIGERIAN FINANCIAL MARKET

1) Securities and Exchange Commission (SEC) regulates capital market.
2) Central Bank of Nigeria regulates banks and nonbank Financial Institution by BOFIA of 1991
3) Nigeria Investment promotion commission coordinates investment in Nigeria.
4) National Insurance Commission.

OPERATORS IN THE SECONDARY MARKET NIGERIAN STOCK EXCHANGE

This is an Institutional arrangement where the secondary market of the Nigerian capital market operate. It commenced operation and started as a normal profit making organization in 1961 as Lagos Stock Exchange.

OPERATORS IN THE PRIMARY MARKET

These are the Commercial Banks, Merchant Banks, Development Banks, Mortgage Banks or Building Societies, National Social Insurance Trust Fund, Insurance Companies, Stock brokers and the Central Bank.

WEEK NINE

TOPIC: DEMAND FOR MONEY

Demand for money is total amount of money which people in the economy wish to hold in cash for transactionary motive, precautionary motive and speculative motive.

SUPPLY OF MONEY

The supply of money is the total stock of money available for use in the economy at a given period of time. Total supply of money equals the sum of coins, bank notes, and demand or bank deposits.

VALUE OF MONEY

This is the volume of commodity a given sum of money can buy. It is referred to as the purchasing power of money. It varies inversely with the price of commodities.

FACTORS DETERMINING VALUE OF MONEY

1. The price level
2. The supply of money and its velocity
3. The volume of Goods and Services

1) **The Price Level:** There is inverse relationship between the price and the value of money.

2) **The Supply of Money and Its Velocity:** The supply of money and the velocity of money are positively related. The higher the supply of money, the lower the value of money.

3) **The volume of Goods and Services:** The volume of goods and services is determined by the level of production.

WEEK TEN

TOPIC: INFLATION

Inflation refers to a situation where there is a persistent increase in general price level of commodities at a given period of time.

TYPES OF INFLATION

1) Cost-Push Inflation
2) Demand-Pull Inflation
3) Hyper Inflation

4) Open Inflation
5) Imported Inflation
6) Creeping Inflation

CONTROL OF INFLATION

1) The use of monetary policy
2) Fiscal policy
3) Industrialization
4) Discouragement of importation
5) Creation of subsidy to enterprises
6) Check the activities of Hoarders
7) The provision of adequate storage facilities
8) Increase in production of scare commodities

DEFLATION

Deflation is a persistent general downward movement of prices in an economy over a period of a year.

CAUSES OF DEFLATION

1) Budget Surplus
2) Excessive Supply over Demand
3) Fiscal Policy
4) Reduced Bank Lending
5) Price Control
6) Bank Savings
7) Increase in Production

EFFECTS OF DEFLATION

1) It encourages savings
2) Exports become cheaper than import
3) Profit margins of producers decrease
4) National Debt Burden Increases
5) It Discourages Investment
6) Value of Money increases.
7) Fixed Income Earner Gains

CONTROL OF DEFLATION

1) Fiscal Policy

2) Monetary Policy
3) Use of Deficit Financing

CAUSES OF INFLATION

1) Population Increase
2) Poor Storage Facility
3) Higher Cost of Production
4) Embargo on Importation
5) Excessive Bank Lending
6) Increases in wages and salaries
7) Budget Deficit
8) Low Domestic Productivity
9) Hoarding
10) Poor Weather
11) War
12) Natural Disaster
13) Monopoly

EFFECTS OF INFLATION

1) It leads to increased profit
2) There will be increased investment
3) There will be increased employment
4) It discourages savings
5) Wage-cost Increase
6) Loss in the Value of Money
7) Fall in the Standard of Living
8) Hoarding or Artificial Scarcity
9) Increase in Interest Rate