

ECONOMIC PRINCIPLES – EXTENDED NOTES

1. Introduction to Economics

Economics studies how societies allocate scarce resources to satisfy unlimited wants. It helps determine how goods are produced, distributed, and consumed. Economists analyze behaviors, incentives, markets, and government policies to understand economic outcomes.

Branches of Economics

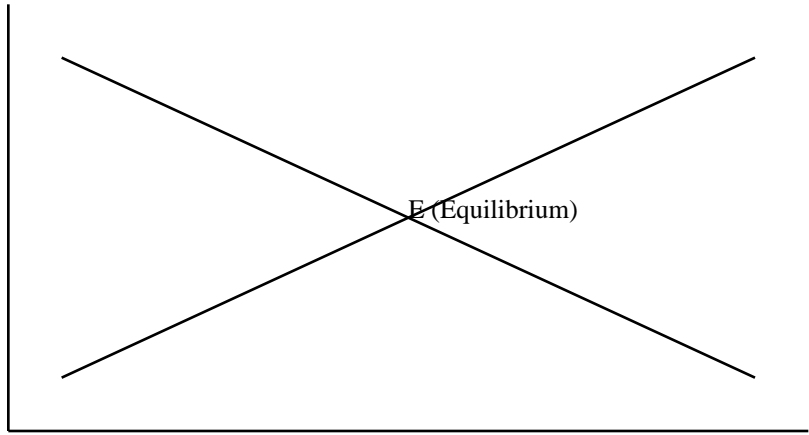
- Microeconomics examines individual units like consumers, workers, and firms.
- Macroeconomics examines aggregate indicators like inflation, unemployment, GDP, and national production.

Table: Types of Economic Resources

Resource Type	Description	Example
Land	Natural resources used in production	Water, minerals, forests
Labour	Human effort used in production	Teachers, engineers, farmers
Capital	Man-made tools used to produce goods	Machines, buildings, vehicles
Entrepreneurship	Risk-taking and business leadership	Business owners, innovators

Supply and Demand Diagram

Price



Quantity

Market Structures (Extended Analysis)

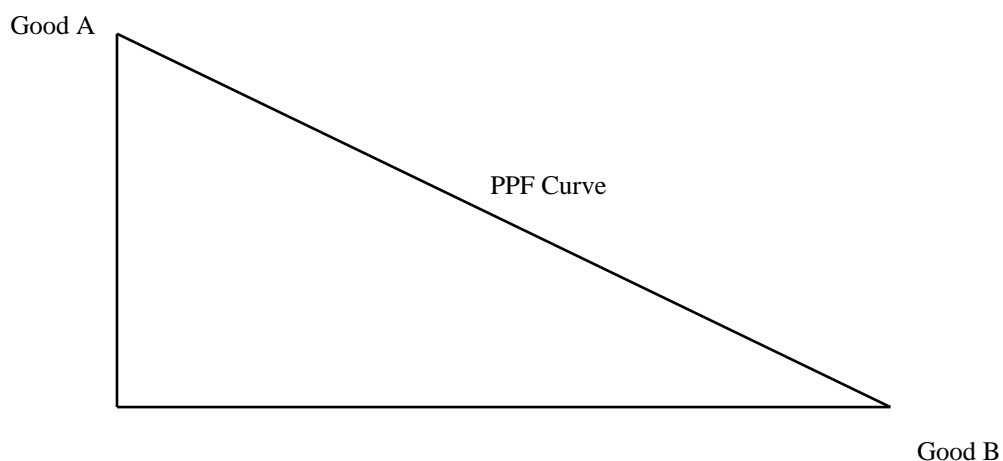
Market structures influence pricing, output levels, competition intensity, and consumer choice. Understanding each structure helps explain how firms behave in real-world markets.

Table: Comparison of Market Structures

Structure	Firms	Product Type	Price Control	Example
Perfect Competition	Many	Identical	None	Agriculture
Monopolistic	Many	Differentiated	Some	Restaurants
Oligopoly	Few	Similar/Differentiated	High	Telecom companies
Monopoly	One	Unique	Total	ZESCO

Production Possibility Frontier (PPF)

A Production Possibility Frontier illustrates the maximum combinations of two goods that an economy can produce using available resources and technology. Points inside the curve represent inefficiency, points on the curve represent efficiency, and points outside the curve are unattainable.



Global Trade (Extended)

Global trade enables countries to access goods and services they cannot efficiently produce domestically. It increases consumer choices, lowers prices, and encourages specialization. Countries benefit from comparative advantage, where they focus on producing goods they are most efficient at relative to others.

Country	Export Strength	Import Needs
Zambia	Copper, Agriculture	Machinery, Fuel
China	Electronics, Machinery	Food, Raw Materials
South Africa	Metals, Vehicles	Oil, Electronics