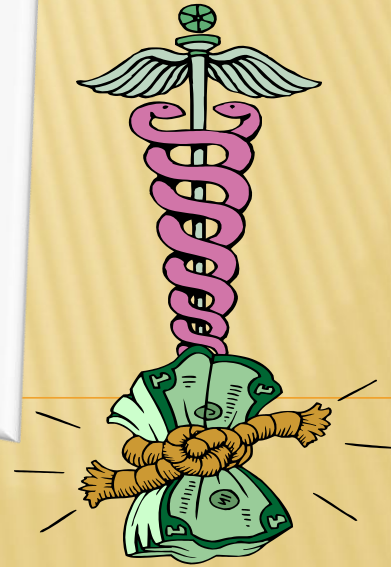




RESOURCES, SUPPLY & DEMAND

Post graduate course 2025



RESOURCES



Factors of production used to produce & distribute goods & services.

→ Decision to use (scarce) resources implies a **sacrifice**, because resources are used in only one way.

→ Also called **MMM** (money, material, manpower).

RESOURCES



Material:

- × Capital رأس المال: (fixed & circulating) money & stock of goods used for production: machines, infrastructure (buildings, roads, transport), 1/2-produced goods
- × Labor force القوى العاملة: quantity & quality.
- × Land: petrol, agriculture.

Non-material:

Tech, time, knowledge, political support.

MARKET



Not just a place, but an environment where buyers (consumers) and sellers (producers) are in free intercourse, making price equilibrium .

➔ **Market** establishes prices & explains demand & supply forces.

Competition: entry of firms or providers in the face of high price and/or profit will cause others to lower their prices, improving consumers wellbeing.

MARKET TYPES



Product market: People are buyers, firms are sellers

Factor market (productive service market): people will sell market product (mammogram machine factory).

RATIONING

government policy consisting of restrictive allocation of scarce resources & consumer goods, practiced during times of war, famine...

Black-market activity seen during rationing. It consists of charging more than legal prices.



NEEDS & DEMANDS



Resources are limited. Man demands are unlimited
They increase with development, not reach satisfaction.
Only felt needs are demanded.
To satisfy people, start with felt needs, then go to needs.



- Market responds to demands
- Health planning responds to needs.

SUPPLY & DEMAND



Demand: is willingness & ability to pay a sum of money for certain amount of goods (commodity) or services.

Supply: quantity of goods or services sellers desire to sell at given price.

Price: quantity of money (monetary, accounting price) that will be exchanged for one unit good or service.
(market price, factory price, administered price)

PRICE IS AFFECTED BY



Perfect competition: Interplay of supply & demand.

If buyers wish to purchase more than is available, they will tend to increase the price up, and visa versa.

Monopoly /oligopoly: Firms faced with inelastic demands for products have power to fix price, increasing tot revenue (raising price)

Command economy: Prices fixed by Gov.

Taxes: Increases market prices.

Subsidies: Deceases market prices.

SUBSIDY



Direct /indirect payment granted by gov to promote a public objective, done through:

- ✘ Tax concessions (reductions).
- ✘ Direct payments in cash or in kind.
- ✘ Protective wage and price legislation.
- ✘ Regulations to soften competition force.
- ✘ Purchase policies from subsidized producers
- ✘ Goods/services provision ↓ market price
- ✘ Purchase of goods/services ↑ market price



Today we earn more, but have less