*LESSON NOTES*
*CIVIC EDUCATION*

*GRADE : 11*
*TOPIC: ECONOMIC AND SOCIAL DEVELOPMENT*

## *DEVELOPMENT*

*This is the process of improving the quality of human life. It also means the change from the old to something completely new or a replacement of the old by the new.*

- *Building a new school*
- *Constructing a bridge*
- *Opening anew mine*

***Development** also means there is an improvement in the provisions of basic needs.*

### *Economic Development*

*Economic Development means increase in a country's technologies, standard of living and also increase in productive capacity such as the real National income or Gross Domestic Product (GDP) over a Period of years.*

## *HOW A COUNTRY CAN ACHIEVE ECONOMIC DEVELOPMENT*

- *Expansion of agriculture*
- *Producing surplus products for export*
- *Expansion of manufacturing*
- *Industry to process various products within the country*
- *Improvement of technologies such as efficient tools and machines*
- *Research on new technologies*
- *Improved skills leading to increased production of goods and services*

***Productive capacity:** means the ability to produce more goods.*
***Real National income or GDP**: This is the total value of all goods and services produced in the country within the specific period of one year.*

### *Social Development*

*This refers to the improvement in the standard of living of the people.*
*Social development covers a lot of things and the following are some examples:*

- *Human Rights*
- *Good governance*
- *Access to education and health care*
- *Ensuring that an individual has opportunities and choices to fulfill his or her potential.*

### *Lack of Social Development leads to Poverty.*

### *Poverty*

*Poverty is a condition of being poor. A poor person is one who has no sufficient money of resources to afford the basic needs such s food, clean and safe drinking water, clothes and housing. Poverty is the biggest obstacle to human security. Therefore the biggest challenge to social development is the fight to contain.*

***Basic Human Needs***
*These are things that a person cannot do without.*

***These can be divided into Goods and Services.***
***Goods*** *are tangible or physical items that can be seen.*
*Boats*
*Furniture*
*Clothes*
*Motor vehicle*
*Radio*
***Services*** *are not physical but are activities or benefits offered that give satisfaction to consumers. Entertainment by musicians*
*Education*
*Health services*
***Wants***
*These are things that one can do without. They are not really essential for proper function of the body such as alcohol, furniture and motor vehicles.*

***FACTORS OF PRODUCTION***
*These are things that are necessary for production to take place.*
***Production*** *refers to any activity that helps to satisfy wants.*

***LAND***
*Land comprises those resources made available by nature or simply natural resources such as:*

- *Agricultural areas*
- *Natural grass lands, wood lands and forests*
- *Deserts*
- *Oceans lakes, seas and rivers*
- *Chemicals of the earth's crust and the atmosphere*

***LABOUR***

- *These are human efforts either physical or mental, which directed at the production of goods and services in your routine work. Labour is not only a factor of production but also the reason why economic activities are carried out.*
- *It is the products of labour that are bought and sold and not labour itself.*

***TYPES OF LABOUR***

- ***Skilled Labour****: This is labour that requires professional training, like doctors, lawyers teachers accountants, etc.*
- ***Semi-SkilledLabour:*** *This is labour that requires training for a short period of time for example six weeks or any period less than one year.*
- ***Unskilled Labour****: This is labourthat requires little training or no training for example farm laborers, cleaners and garden boys.*

## *EFFICIENCY OF LABOUR*

*This refers to the maximum and effective use of labour without waste.*

***Productivity*** *output of a worker per unit of time*

## *FACTORS AFFECTING THE OF EFFICIENCY*

- ***Education and training:*** *A person who is educated and has sound technical training would be more effective than one who lacks knowledge.*

***Working conditions:*** *The efficiency of labour is influenced by good working conditions and a favorable working environment for example, a living wage, good sanitation and well ventilated work place.*

***Welfare Services:*** *Welfare services are provided to a worker such as medical care, transport, and housing.*

***Motivation:*** *This involves various incentives such as monetary reward, as a means of stimulating*

## *CAPITAL*

- *Capital is human made resource. It refers to the physical assets created in the past and is available for present use.*
- *It includes machines and industrial buildings that contribute to production.*

## *TYPES OF CAPITAL*

- ***Working Capital:*** *This is money a business must have in order to meet its day to day expenses such as paying for raw materials, electricity/water bills, workersalaries. It also includes money owed to the business by debtors.*
- ***Fixed Capital:*** *This refers to physical assets such as land, transport, buildings, machinery and equipment. It also refers to money used to start a business.*

## *Entrepreneurship*

- *This is an ability some people have to accept risks and combine factors of production in order to produce goods and services*
- ***An Entrepreneur*** *is simple a person who starts a business. In order for land, labour and the capital to produce anything, there must be a person who should organize these factors so that production can take place.*

## *CAPITAL ACCUMULATION*

*Capital accumulation means increasing the production of capital goods in addition to what the country already has, economic development largely depends on the rate of capital accumulation.*

## *FACTORS THAT AFFECT CAPITAL ACCUMULATION*

- ***Low incomes****: People who have little money or nothing to save.*
- ***Consumption Habits:*** *People eat expensive food, take expensive foreign drinks like brandy and buy expensive cars. This make them save little or nothing*
- ***Extended family system:*** *Some people maintain large Families and find it difficult to save money. A person can keep many relatives in addition to his or her family.*
- ***No future plans****: People spend more to fulfill their [present needs, hence end up being extravagant.*
- ***Lack of knowledge to save for investment:*** *Most people do not have the idea of saving for investment.*
- ***Social status:*** *Some people especially those in the high group tend to spend a lot of money on expensive goods cars and clothes in order to maintain their status in society.*
- ***Large quantities of imported finished products:*** *Most of the imported products are quiet expensive hence a lot of money is spent to import finished goods into the country instead of having them produced locally.*
- ***Poverty*** *it is situation where people lack basic needs and cannot enter into business venture*

## *BANKING*

*Banking is an act of saving money in a financial institution called a* ***bank.*** *Banking helps in financing of trade activities or transfer of funds from one person to another or one institution to another.*

## *TYPES OF BANKS*

### *Central Bank*

*This is the principal financial institution in the country and acts as a regulator of the banking system. It does not deal directly with the public but rather provides services to the commercial Banks and the government. In Zambia, the Central Bank is called the Bank of Zambia (BOZ) and it is owned by the Zambian government.*

## *FUNCTIONS OF THE CENTRAL BANK*

- ***Keeping money for commercial Banks****. It provides all of the banking services to the banking sector.*
- ***Keeping Government revenues:*** *It pays money on behalf of the government and carries out foreign transaction. It works closely with the Ministry of Finance And National Planning and gives it advice on financial matters.*
- ***Issuing Bank notes and coins:*** *It also withdraws Mutilated notes from circulation through commercial Banks*
- ***Clearing cheques*** *and transferring of money to commercial Banks*
- ***Keeping foreign*** *currencies and selling them to commercial Banks and bureaus.*
- *Lending money to commercial banks.*
- ***Servicing the national debt.*** *The government uses the central bank to pay its national and international debt.*

- *It also fixes the minimum and maximum amount a person can deposit and withdraw respectively. This is in order to control the amount of money in circulation in order to avoid inflation and deflation.*
- ***Conducting ordinary banking business** such as cashing government cheques and treasury bills.*

## *COMMERCIAL BANKS*

*Commercial banks are financial institutions licensed to provide banking services to the public.*

## *BASIC FUNCTIONS OF THE COMMERCIAL BANKS*

- *Collects surplus funds from the general public*
- *Transfer funds from one person to another by means of acheque or credit card.*
- *Lend surplus funds at an interest to the customers and other enterprises.*
- *Provide money transfer services.*
- *Facilitate payment of goods and services.*
- *Offer advice on business matters such as investment opportunities, etc.*
- *Look after valuables such as jewelry, wills, title deeds, etc.*

## *TYPES OF ACCOUNTS OFFERED BY COMMERCIAL BANKS*

***Current accounts:**These are deposits which are withdrawn on demand and are subject to transfer by cheque. Such Deposits do not earn interest and banks can make a change for handling the cheques drawn on the accounts. Holders are also entitled to an overdraft.*

***Deposit Account:***

*These are deposits which earn interest but which cannot be transferred by cheque or withdrawn on demand. They include time deposits and savings accounts.*

***Large Fixed Term Deposits:***

*These are deposits which involve large sums of money and does not allow holder to withdraw money on demand but after sometime.*

## *OTHER FINANCIAL INSTITUTIONS*

*The role of these institutions is to collect savings from members of the public and channel them to industry and the government. In Zambia, these include;*

***National Savings and Credit Bank***

*The National Savings and Credit Bank also provide savings accounts and basic banking services particularly to low income groups in both urban and rural areas.*

***Development bank of Zambia (DBZ)***

*This was established by the government to offer long term finance for risky businesses or ventures where other banks are reluctant to operate in, e.g. agriculture and industrial sectors.*

***Zambia National Building Society (ZNBS)***

*This provides long term loans that enable people to build or purchase houses. It also provides savings accounts.*

*Lusaka Stock Exchange (LuSE)*

*Stock Exchange is a highly organized market where shares and stocks are bought and Sold.*

*Functions of LuSE*

- *Provide market for second hand shares.*
- *Help companies or businesses to raise new capital.*
- *Encourages investment in securities.*
- *Enables flow of capital for productive industry.*
- *Regulates prices of shares on the market.*

*INSURANCE*

*Insurance is a system of protection against all kinds of risk. People buy insurance policies to protect themselves against the loss of something which is very valuable to them, such as a car, a house, a farm and a factory.*

- ***Insurer or underwriter** is the insurance company.*
- ***Insure** is the person taking out insurance.*
- ***Insurance policy** is Contract signed between the insurance company and a person insured.*
- ***Premiums** are normally paid monthly, quarterly and annually. In return for the payment of a premium an insurer or underwriter agrees to compensate the insured in the event of his or her suffering a specified loss,*

*WORK CULTURE*

*This is the attitude and values of people towards work. Work culture can either be positive or negative.*

*FORMS OF WORK CULTURE*

*NEGATIVE WORK CULTURE*

*Characteristics of Negative Work Culture*

- *A person employed in the formal or informal sector does not want to work hard but would like to be paid for doing very little.*
- *A person spends most of the time doing nothing or playing about up to the end of the day's work*
- *An individual cannot work without being supervised.*
- *Poor man ship in the production of goods and service.*
- *Failure to appreciate ones work.*

*POSITIVE WORK CULTURE*

*Characteristics of Positive Work Culture*

- *Works hard to achieve productivity targets within a given time*
- *Does not wait for supervision. Once work has been assigned he or makes sure that that the task is completed in time.*
- *Earns a living through hard work and putting maximum effort to complete any assigned task.*

- *Uses individual initiative to do what is required rather than wait to be told every time.*
- *Doesn't have negative attitude towards certain jobs such as menial work.*

## *THE IMPORTANCE OF POSITIVE CULTURE*

- *The attitude of people towards work is very important because the survival and development of a society depends on the work of its members*
- *Good work culture determines the productivity of workers.*
- *A society with a positive work culture has very high productivity and a lot of goods and services are available.*

## *FORMAL AND INFORMAL SECTOR*

- *Employment can either be Formal or Informal.*
- *The **Formal Sector** includes government, public enterprises, private companies and commercial farming. The **Informal Sector** is made up of subsistence farmers and individuals who make a living by doing private work either individually or in a group.*
- *The government is the biggest employer in the Formal sector. However, the number of people employed as full time workers is far less than the demand for jobs by the labour market.*
- *A Labour Market is a place where individuals are looking for employment and are ready to sell their labour for a wage.*

## *IMPORTANCE OF INFORMAL SECTOR IN NATIONAL DEVELOPMENT*

- *It contributes greatly to economic development for the country.*
- *It is also important because it takes up a larger number of people compared to formal sector. People are able to generate income on their own livelihood or survival. As a result, poverty levels are reduced in the country.*
- *It also provides training schemes for youths outside schools and colleges.*
- *It has also provided infrastructure such as buildings, shopping centres, transport and communication.*
- *It has also promoted accessible credit facilities and improved production in subsistence farming.*

## *SAMPLE QUESTIONS*

*1. Define development.*

*2. Basic human needs can be divided into goods and services. Defines the term **good** and **Services.***

*3. Mention the characteristic of negative and positive work culture.*

*4. What are the two classification of capital?*

*5. What are some of the factors that affect capital formation?*

*6. Apart from central and commercial banks, mention other important financial institutions which play an important role in development of any country.*

*7. Central bank attracts deposit from the public in three main forms.*

*8. State the three forms. What is the difference between **needs** and **wants?***