



COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Economic theory	

Lecturer(s)	Department(s) where the course unit (module) is delivered
Coordinator: Nerijus Černiauskas	Faculty of Economics and Business Administration Saulėtekio ave. 9, II building, LT 10222 Vilnius

Study cycle	Type of the course unit (module)
Second	Compulsory

Mode of delivery	Period when the course unit (module) is delivered	Language(s) of instruction
Classroom	Autumn semester	English

Requirements for students
Prerequisites:

Course (module) volume in credits	Total student's workload	Contact hours	Self-study hours
5	130	48	82

Purpose of the course unit (module): programme competences to be developed		
<p>To introduce students to the mechanism of operation of the market, the behaviour of consumers, business firms, industries and other self-decision-makers in market conditions as well as macroeconomic problems and ways to address them. Also, to develop the ability to analyse the interrelationships between economic phenomena, to assess alternatives to solving major economic problems. The knowledge gained during this course will form the basis for economic thinking, business decision making, and further studies.</p>		
Learning outcomes of the course unit (module)	Teaching and learning methods	Assessment methods
1. Ability to carry out a precise and critical analysis of real life problems using, as appropriate, theoretical, graphical or mathematical models on knowledge gained on 6 microeconomic topics covered in the course (cover's program's goals 4.1, 4.3, 5.1, 5.5).	Lectures (problem-based learning), reading, problem sets and case studies, in class discussions, group debates.	Mid-term and active class participation
2. Ability to carry out a precise and critical analysis of real life problems using, as appropriate, theoretical, graphical or mathematical models on knowledge gained on 7 macroeconomic topics covered in the course (cover's program's goals 4.1, 4.3, 5.5).		Exam and active class participation
3. Students will be able to carry out an in-depth analysis of a chosen economic topic, with publicly accessible data sources and references, and present their work to peers (covers program's goal 3.2 and 4.3).	In-depth group analysis delivered via a presentation with peer and teacher's feedback.	Presentation (group evaluation)

Content: breakdown of the topics and activities	Contact hours			Self-study work: time and assignments	
	Lectures	Seminars	Total contact hours	Self-study hours	Assignments
2. Introduction to the course of economics (goals and learning outcomes of the course, breakdown of the topics, assessment criteria, and information sources, relation between micro and macroeconomics, the economic problem: scarcity and choice, economic thinking, production possibilities frontier)	2	1	3	8	Chapter 1 and 2 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
3. Demand, Supply, and Market Equilibrium (demand and supply model, changes in equilibrium, factors of shifts in demand, supply, and equilibrium)	2	1	3	6	Chapter 3 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
4. Elasticity (price elasticity of demand, determinants of price elasticity, cross price elasticity, normal goods, inferior goods, elasticity of supply).	2	1	3	6	Chapter 5 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
5. Cost and Industry Structure (short and long run costs, profit maximization)	2	1	3	6	Chapter 7 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
6. Market Structures (perfect competition, monopoly, monopolistic competition, oligopoly)	6	2	8	15	Chapter 8-10 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
7. Revision, guest lecturer or an extra topic of choice	2	0	2	0	
Mid-term	0	2	2	0	
8. The Macroeconomic Perspective (national accounts, macroeconomic goals)	2	1	3	2	Chapter 19 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
9. Economic Growth (long run economic growth, growth accounting)	2	1	3	2	Chapter 20 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
10. Inflation and Unemployment (inflation and unemployment in the long and short run, its causes, consequences)	4	2	6	4	Chapters 21 and 22 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
11. Aggregate Supply and Demand	2	1	3	2	Chapters 24 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
12. Money and Banking (money evolution, definition, money creation, monetary policy)	2	1	3	2	Chapters 27 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
13. The Government Budgets and Fiscal Policy (taxation, government spending, automatic stabilizers)	2	1	3	2	Chapters 30 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
14. The International Trade and Capital Flows (relation between international trade and capital flows, national savings and investment identity)	2	1	3	3	Chapters 23 in Greenlaw S. A et al. Principles of Economics, prepare for seminar.
Preparation of group presentation				24	Prepare a group presentation on one of the topics suggested by or agreed with the lecturer.
Total	32	16	48	82	

Assessment strategy	Weight, %	Deadline	Assessment criteria
Mid-term: open questions and a test requiring an economic explanation as well as a graphic explanation. Some questions will require mathematical precision.	30	Halfway through the course	<p>The mid-term will consist of at least 10 multiple choice questions and at least 2 two short answer type questions (meaning a paragraph or two of text is expected). More than one answer is possible for some questions and selecting wrong answers will cause you to lose points for that question but you will not be able to get negative points overall. For example, if you select "a", "b", and "c", where only "a" is correct you will receive zero points for that question.</p> <p>The test will require giving precise and/or critical answers to real life problems using, as appropriate, theoretical, graphical or mathematical models on knowledge gained on 6 microeconomic topics covered in the course.</p>
Exam: open questions and a test requiring an economic explanation as well as a graphic explanation. Some questions will require mathematical precision.	40	End of course	<p>The exam will consist of at least 10 multiple choice questions and at least 2 two short answer type questions (meaning a paragraph or two of text is expected). More than one answer is possible for some questions and selecting wrong answers will cause you to lose points for that question but you will not be able to get negative points overall. For example, if you select "a", "b", and "c", where only "a" is correct you will receive zero points for that question.</p> <p>The test will require giving precise and/or critical answers to real life problems using, as appropriate, theoretical, graphical or mathematical models on knowledge gained on 7 macroeconomic topics covered in the course.</p>
Group presentation (group evaluation): prepare a group presentation on one of the topics suggested by or agreed with the lecturer. The whole group will get a single grade.	20	During the course	<p>Content – 70 % of the grade. To obtain a high grade, the material delivered must correspond to the topic. Also, the material must be backed by theory and empirics. Different sources of different nature (theoretical, statistical and analytical) must be used.</p> <p>Style – 30 % of the grade. The presentation must be tidy, easy and interesting for the listener to follow. The presenters must speak loudly and smoothly when presenting. The presentation must have an introduction, the body and a conclusion / summary.</p>
Active participation during lectures and seminars	10	During the course	Student activity evaluation criteria (in class point system): actively participates in discussions, answers questions, formulates problems and presents solutions based on theoretical, empirical, graphic and mathematical expressions. Grades can vary between 0 and 10.
Final grade	100	End of course	The final grade will be a weighted average of the above four grades. A student will pass the course if the final grade is 5 or above, after rounding to the nearest whole number.

Author	Year of publication	Title	Publishing place and house or web link
Compulsory reading			
Greenlaw S. A., Taylor ir kiti	2017	Principles of Economics V11.346	Open textbook library, open.umn.edu

Optional reading			
Karl E. Case, Ray C. Fair, Sharon E. Oster	2019	Principles of Economics, Global Edition, 13th Edition	Pearson, ISBN-13: 978-1292294698, ISBN-10: 1292294698
N. Gregory Mankiw, Mark P. Taylor	2020	Economics, 5th Edition	Cengage, ISBN: 9781473768543