



COURSE UNIT (MODULE) DESCRIPTION

| Course unit (module) title | Code |
|----------------------------|------|
| Basics of Economics | |

| Lecturer(s) | Department(s) where the course unit (module) is delivered |
|---------------------------------------|--|
| Associate Prof. Dr. Martina Dal Molin | Faculty of Economics and Business Administration Saulėtekio ave. 9, II building, LT 10222 Vilnius |

| Study cycle | Type of the course unit (module) |
|-------------|----------------------------------|
| First | Compulsory |

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

| Requirements for students |
|--|
| Prerequisites: basic mathematics, general research skills, readiness to study scientific literature in English. |

| Course (module) volume in credits | Total student's workload | Contact hours | Self-study hours |
|-----------------------------------|--------------------------|---------------|------------------|
| 10 | 260 | 96 | 164 |

| Purpose of the course unit (module): programme competences to be developed | | |
|---|--|--|
| The subject (module) aims to acquaint students with the mechanism of market functioning, behaviour of consumers, business enterprises, branches of economy and other economic entities making decisions independently in market conditions; with the main macroeconomic indicators and macroeconomic problems and their solutions; to form the ability to analyse the interrelationships of economic phenomena, to evaluate the alternatives for solving the main economic problems. The knowledge acquired during the course will enable economic thinking and further studies in economics. | | |
| Learning outcomes of the course unit (module) | Teaching and learning methods | Assessment methods |
| 1. Understand, explain and critically evaluate economic processes at the microeconomic level. | Lectures (problem-based learning), literature studies, case studies and problem solving, group discussions, reflection | Mid-semester exam, active participation in seminars |
| 2. Understand and be able to explain, based on the principles of economic science, the relationships and patterns of economic phenomena | | |
| 3. Given the motives and objectives of consumer and producer behaviour, be able to assess and forecast supply-demand trends. | | |
| 4. Understand, explain and critically evaluate economic processes at macroeconomic level. | | End-of-semester exam, active participation in seminars |
| 5. Be able to locate and organise economic information, describe economic problems, explain their origins and their impact on the functioning and development of society. | | |
| 6. Be able to formalise (model) the economic environment by applying economic theory methods. | | |

| 7. Be able to analyse a selected economic topic, find and organise information and data from open databases and scientific sources, summarise and present the results of the analysis in group work. | Research methods (information retrieval, data analysis and evaluation, presentation of analysis in seminars) | | | Active participation in seminars | |
|--|---|----------|---------------------|---------------------------------------|--|
| Content: breakdown of the topics and activities | Contact hours | | | Self-study work: time and assignments | |
| | Lectures | Seminars | Total contact hours | Self-study hours | Assignments |
| Fundamentals of Mircoeconomics | | | | | |
| 1. Introduction to Economics Aims and objectives, topics, assessment criteria, sources of information. Economics and the economic system, the economic problem: resource scarcity and the problem of choice; capitalism as an economic system: private property, markets and firms, living standards, specialisation; the relationship between micro- and macroeconomics; the economic model; economic thinking | 4 | 3 | 7 | 10 | Literature study (part 1, chapters 1 and 2 of Mankiw and Taylor, sections 1.6-1.11 and 2.2-2.3, 3.3 from CORE), preparation for the seminar by completing the assignments provided by the VU VMA in advance. |
| 2. Competitive markets theory. Market forces of supply and demand, market equilibrium and its changes, elasticity. Characteristics of demand: consumer choice. Characteristics of supply: firms in competitive markets. Consumers, producers and the efficiency of markets. | 8 | 4 | 12 | 14 | Literature study (Part 2, chapters 3-6 Mankiw and Taylor, from CORE chapters 2.4-2.7, chapters 7, 8), preparation for seminars by completing the assignments provided by the VU VMA in advance |
| 3. Market interventions. Demand, supply and government policy. When do markets not work? | 4 | 2 | 6 | 6 | Literature study (part 3, chapters 7, 8, 9 from Mankiw and Taylor, chapter 12 from CORE), preparation for seminars by completing the assignments given in advance by the VU VMA |
| 4. Firm behaviour and market structures. Firms' production decisions. Imperfect competition, monopoly, monopolistic competition, oligopoly, competition policy instruments | 6 | 3 | 9 | 11 | Literature study (part 4, chapters 10-13 from Mankiw and Taylor, chapter 4 from CORE), preparation for seminars by completing assignments provided by the VU VMA in advance |
| 5. Factor markets. Labour markets. Markets for other factors of production. | 2 | 1 | 3 | 4 | Literature study (Part 5, Chapter 15 from Mankiw and Taylor, Chapter 9 from CORE), preparation for seminars by completing the assignments provided by VU VMA |
| 6. Income inequality and poverty. Measurement approaches. Approaches to income redistribution. Policies to reduce poverty | 2 | 1 | 3 | 4 | Literature study (Part 6, Chapter 16 from Mankiw and Taylor, Chapter 19 from CORE), preparation for seminars by completing the assignments provided by VU VMA |
| 7. Trade and its benefits. International trade. Principles of competitive advantage. Winners and losers. International economic theories. | 2 | 1 | 3 | 4 | Literature study (Part 7, Chapter 17 from Mankiw and Taylor), preparation for seminars by completing assignments given in advance by VU VMA |

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|---|--------------|-----------------|----------------------------|------------|--|
| 8. Information and behavioural economics. Principles, asymmetric information, behavioural economics. | 2 | 1 | 3 | 4 | Literary studies (Part 8, Chapters 18 from Mankiw and Taylor), preparation |
| Mid-term exam and consultation | 2 | | | | |
| Fundamentals of macroeconomics | | | | | |
| 9. Introduction to the macroeconomics part of the course. Key macroeconomic data and indicators that measure a country's well-being. Indicators for measuring a country's welfare. Gross domestic product. Happiness and other indicators of well-being. GDP and inequality. Indicators for measuring a country's expenditure and prices. Consumer price index and inflation. Real and nominal interest rates. | 4 | 2 | 6 | 6 | Literature study (part 9, chapter 20 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 10. The real economy in the long run: indicators of economic productivity and growth. GDP per capita. GDP growth. Economic productivity. Actions for economic growth. Familiarity with growth theories. | 2 | 2 | 4 | 7 | Literature study (Part 10, Chapter 21 from Mankiw and Taylor, additional reading), solving seminar problems |
| 11. The real economy in the long term: Unemployment and the labour market. Measuring a country's unemployment rate. Natural rate of unemployment. Causes of unemployment. The costs of unemployment. | 4 | 2 | 6 | 6 | Literature study (part 10, chapter 22 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 12. Long-term macroeconomics: Saving, investment and the financial system. Financial institutions and their role. Present value of money. Saving and investment in national accounts. Borrowing market. | 4 | 2 | 6 | 6 | Literature study (part 10, chapter 23 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 13. Long-term macroeconomics: the monetary system. The role of money. Role of the central bank. The European Central Bank and the Eurosystem. Macroprudential policy. Central bank monetary regulation. Monetary growth and inflation. Cost of inflation. Deflation. | 4 | 2 | 6 | 8 | Literature study (part 10, chapter 24 from Mankiw and Taylor, additional reading), seminar problem solving, lecture by guest lecturer. |
| 14. Long-term macroeconomics: open economy macroeconomics. International flows of goods and services. International transaction prices: nominal and real exchange rates. First theory of exchange rate determination: purchasing power parity. Macroeconomic theory of the open economy. The borrowing market: supply and demand. Open economy equilibrium. The impact of policy on the open economy. | 4 | 2 | 6 | 8 | Literature study (part 10, chapter 25 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 15. Short-term economic fluctuations: business cycles. Measuring business cycles. Factors of business cycles. | 4 | 2 | 6 | 8 | Literature study (part 10, chapter 26 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 16. Short-term economic fluctuations: Keynesian economics and an introduction to the IS-LM model. The Keynesian cross. The multiplier effect. IS and LM lines. General equilibrium using the IS-LM model. | 4 | 2 | 6 | 8 | Literature study (part 10, chapter 27 from Mankiw and Taylor, additional reading), solving seminar problems. |
| 17. Preparing for the exam: revision of topics 9-16. | 2 | | | 2 | |
| End of semester exam | 2 | | | | |
| Total | 64 | 32 | 96 | 164 | |
| Assessment strategy | Weigh | Deadline | Assessment criteria | | |

| | t, % | | |
|--|------------|---------------------------------|---|
| Closed book Mid-semester exam Open and closed questions requiring economic and graphical explanation. Some questions will require mathematical calculations. | 30 | During the semester | The mid-term test consists of 10-20 closed and open questions and at least 2 open questions on topics in microeconomics (topics 1-8). Each problem condition will be accompanied by a marking point. The test will be marked with a pass mark if the correct answers account for at least 45% of the total number of questions submitted. If less than 45% of the questions are correct, the test will be marked with a negative mark and no cumulative marks will be awarded for the examination. A 10-point scale is used for marking: - 95-100% or excellent, 10; - 85-94% or very good, 9; - 75-84% or good, 8; - 65-74% or average, 7; - 55-64% or satisfactory, 6; - 45-54% or weak, 5. |
| Microeconomics seminars Active participation in seminars | 20 | During the semester | The organisation and evaluation of the workshops will be announced during the lectures. |
| Closed book Final exam Open and closed questions requiring economic and graphical explanation. Some questions will require mathematical calculations. | 30 | During the semester | The mid-term test consists of 10-20 closed and open questions and at least 2 open questions on topics in macroeconomics (topics 9-16). Each problem condition will be accompanied by a marking point. The test will be marked with a pass mark if the correct answers account for at least 45% of the total number of questions submitted. If less than 45% of the questions are correct, the test will be marked with a negative mark and no cumulative marks will be awarded for the examination. A 10-point scale is used for marking: - 95-100% or excellent, 10; - 85-94% or very good, 9; - 75-84% or good, 8; - 65-74% or average, 7; - 55-64% or satisfactory, 6; - 45-54% or weak, 5. |
| Macroeconomics seminars Active participation in seminars | 20 | During the semester | The organisation and evaluation of the workshops will be announced during the lectures. |
| Final Grade | 100 | At the end of the course | The final grade is calculated as a weighted average of all the grades in the table. A student is awarded credit for the course if the final grade is 5 or more. |
| Additional information | | | The subject cannot be examined externally. |

| Authors | Year of publication | Name | Periodical No. or volume of publication | Place of publication and publisher or web link |
|--|---------------------|---|---|--|
| Compulsory literature | | | | |
| N. Gregory Mankiw, Mark P. Taylor | 2023 | Economics | 6 th Edition (tinka ir ankstesni) | Cengage |
| The Core Team | 2019 | The Economy, atviros prieigos vadovėlis | | https://core-econ.org/the-economy/ |
| Further reading | | | | |
| Greenlaw S. A., Taylor ir kiti | 2022 | Principles of Economics V11.346 | 3 rd edition | Open textbook library, open.umn.edu, https://openstax.org/details/books/principles-economics-3e?Book%20details |
| Karl E. Case, Ray C. Fair, Sharon E. Oster | 2019 | Principles of Economics, Global Edition | 13 th edition | Pearson, ISBN-13: 978-1292294698 |