



MICROECONOMICS

Course code	<i>ECO101</i>
Course subject	<i>Microeconomics</i>
Course type	<i>Compulsory</i>
Semester	<i>2nd semester</i>
Number of credits	<i>6 credits: 24 hrs of lectures, 24 hrs of practice, 112 hrs of individual work</i>
Coordinating lecturer	<i>Aras Zirgulis, Assoc. Prof. Dr.</i>
Study form	<i>Full-time</i>
Course prerequisites	-
Language of instruction	<i>English</i>

Course Annotation

This course provides an introduction to analysis of economic behavior. The ability to predict market outcomes is indispensable not only for a sound business strategy but also for a meaningful public policy. The main focus of the course is on optimal decision making, understanding determinants of demand and supply, market equilibrium, strategic behavior, and welfare analysis. Introduction to choice under uncertainty and the general equilibrium analysis is also covered.

Aims and Learning Outcomes of the Course

The course should teach an analytical approach to the functioning of the market mechanism, economic behavior of market participants, market environment impact on competition, and business strategies. Students should acquire the skills and the ability to apply microeconomic analysis and optimization methods to a large variety of economic problems.

Subject/Course Learning Outcome (CLO)	Study methods	Assessment methods
CLO1. Understand the main theories in microeconomics	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO2. Analyze and model microeconomic phenomena	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO3. Evaluate governmental policy as it relates to microeconomics	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO4. Graphically model microeconomic situations	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO5. Relate real economic experiences to theory	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO6. Identify economic situations at the firm and personal level	Lectures, seminars, individual study, group study	Midterm test, final exam
CLO7. Develop researching skills	Seminars, group study	Midterm test, final exam, group project

Learning methods

Learning methods will consist of lectures, homework assignments, and the solving of selected problems during seminars.

Cheating prevention

Students will be given different assignments during the midterm and the final exams. All attempts at cheating will be dealt with according to the regulation on academic ethics (see *ISM Bakalauru studijų reglamentas*).



DATE	TOPIC	IN-CLASS HOURS		READINGS
		Lectures	Seminar	
Week 1	Lecture # 1: Supply and Demand. Elasticity. Lecture # 2: Individual and Market Demand Individual demand, Income and substitution effects, market demand, consumer surplus	4	2	Ch 1-4
Week 2	Lecture # 3: Introduction: Consumer Behavior Consumer choice, utility maximization_ Lecture # 4: Consumer Behavior Indifference curves, Budgeting	3	3	Ch. 1-4 Ch 5
Week 3	Lecture # 5: Production and Costs Production functions, returns to scale, cost functions	3	3	Ch 6,7
Week 4	Lecture # 6: Profit Maximization_ Perfectly competitive markets, profit maximization, marginal revenue, marginal Cost	2	2	Ch 8
	Midterm: Topics/Lectures 1-6	2		
Week 5	Lecture # 7: The Analysis of Competitive Markets Evaluating the gains and losses from government policies	2	2	Ch 9
Week 6	Lecture # 8: Monopoly and Monopsony Evaluating monopolies and monopsonies, capturing consumer surplus, price discrimination	2	2	Ch 10
Week 7	Lecture # 9: Monopolistic Competition and Oligopoly; Market Power and Pricing: Monopolistic competition, the several forms of oligopoly, capturing consumer surplus, price discrimination	2	2	Ch 12, 11
Week 8	Lecture # 10: Markets for Factor Inputs Markets for labour and materials used in production, present values, the effect of interest on Investments	2	2	Ch 14, 15
Week 9	Lecture # 11: General Equilibrium General equilibrium analysis, efficiency in exchange, trade and comparative advantage	2	2	Ch 16

DATE	TOPIC	IN-CLASS HOURS		READINGS
Week 10	Lecture # 12: Externalities and Public goods External effects on consumption and production. Possible solutions. Markets with Asymmetric Information Quality uncertainty and the market for lemons, market signaling, moral hazard	2	2	Ch 17,18
	Total hours (for each group):48	24	24	

COURSE REQUIREMENTS

Type	Independent work hours	Evaluation, %
Mid-term test	55	50
Final exam	55	50
Consultation	2	
Total:	112	100

1. The final exam will account for 50% of the final grade: It will consist of multiple-choice questions and short-answer open questions. The final exam will cover all topics presented after the midterm

2. The mid-term test (50%) will cover the content of Lecture 1-6. it will consist of multiple-choice questions and short-answer open questions and/or problem solving.

REMARKS

- Students should read the indicated reading from the course book before the lecture is given
- All problems presented in the text book are assigned as homework. However, they are not mandatory and will not be graded. All problems as well as answers and solutions to the problems will be available in e-learning system. Nevertheless it is important that students attend the seminars.
- If the final (cumulative) mark of the course, including final exam score, is negative, students will be allowed to exercise their **right of retake**. The retake exam will cover all lecture topics discussed in class during the course. It will be held during the last week of the exam session and **will replace the 100% of exams (mid-term and final)**.

Literature:

- Pindyck, Robert S., and Daniel L. Rubinfeld. Microeconomics. 7th ed. Upper Saddle River, NJ: Pearson Prentice Hall, 2004.
- Paul Wonnacott, Ronald Wonnacott. Mikroekonomika. Antrasis pataisytas leidimas. Moksl. red. Z.Lydeka. – Kaunas: Poligrafija ir informatika, 1997.
- Vytautas Snieška, Inelija Ambrasienė, Dalia Bernatonytė, ir kt. Mikroekonomika / KTU autorių kolektyvas. – Kaunas: Technologija, 2000.