



COURSE (MODULE) DESCRIPTION

Course title	Code
Applied Microeconomics	

Staff	Department
Coordinator: Dr Vaiva Petrikaitė Other(s): Dr Andrius Kažukauskas, Dr José Garcia-Louzao	Faculty of Economics and Business Administration

Study cycle	Course type
First (Bachelor's)	Compulsory

Form of implementation	Period of implementation	Language of instruction
Face-to-face	Semester 5	English

Requirements for student	
Prerequisites: Economic Theory I, Economic Principles I, Econometric Theory and Practice	Additional requirements: Students should be able to run econometric estimations by using for it necessary software (by choice) e.g. R, Stata, Python, Mathematica

Number of ECTS credits	Student's workload	Contact hours	Individual work
5	130	36	94

Purpose of the course and competences developed

The course covers a few economic policy relevant topics of Microeconomics. The course aims to teach students to apply theory and econometric techniques necessary to solve real life-related economic problems and provide relevant economic policy recommendations.

Learning outcomes	Teaching methods
After course completion students should be able to demonstrate the ability to apply the theories dealing with: (1) the energy consumption and production choices using empirical methods. (2) labour market functioning and to it related economic policy (3) information asymmetries, information revelation and choice under information uncertainty	Lectures and lecture notes, tutorials, classroom discussion.

Course themes	Contact / Individual work: time and assignments			
	Lectures	Tutorials	Contact hours	Individual work
I. Labor market module:				
1. Labor supply, labor demand, and labor market equilibrium, policy application: unemployment insurance	7	1	8	15
2. Wage structure, policy application: wage inequality	3	1	4	16
II. Energy market module				
1. Energy Supply (electricity market overview, energy project appraisal, theory, electricity market application, policy application: EU ETS)	5	1	6	16
2. Energy Demand (Theory, Demand management in electricity market application, policy application: nudges)	5	1	6	16
III. Information assymetry module				
1. Adverse selection, moral hazzard, signalling, screening, applications in insurance markets, product markets	5	1	6	15
2. A short introduction to principal-agent problem, application in cooperate life and product markets.	5	1	6	16
Total	30	6	36	94

Assessment strategy	Share in %	Time of assessment	Assessment criteria
Tutorials	30		The students will obtain 3 papers (one for each block) to replicate and will have to hand in the results at the end of each block
Final Exam	70		It will be a take-home exam. Each student will get a dataset and a topic and will have to write a mini-paper (theory derivations, empirical estimation, the interpretation of results) and hand it in two weeks.

Author	Published in	Title	Issue No. or Volume	Publishing house or Internet site
Required reading				
G. Borjas	2016	Labor Economics	7 th edition	McGraw-Hill
P. Cahuc, S. Carcillo, and A. Zylberberg	2014	Labor Economics	2 nd edition	MIT Press
Bhattacharyya, S.	2011	Energy Economics: Concepts, Issues, Markets and Governance. Chapters: 3, 7 & 10		Springer-Verlag
Kažukauskas, A.	2020	Economics of Electricity	forthcoming	Compendium

		Markets		
Supplementary reading				
R. Rogerson, R. Shimer, and R. Wright	2005	Search-Theoretical Models of The Labor Market: A Survey	Vol. XLIII, pp. 959-988	Journal of Economic Literature
Z. Eckstein and G. Van den Berg	2003	Empirical Labor Search: A Survey		IZA DP. No. 929
Broberg, T. and Kažukauskas, A.	2015	Inefficiencies in residential use of energy -A critical overview of literature and energy efficiency policies in EU	Vol. 8: No. 2	International Review of Environmental and Resource Economics
Kažukauskas, A., Broberg, T. and Jaraitė, J.	2020	Social comparisons in real time: A field experiment of residential electricity and water use	forthcoming	Scandinavian Journal of Economics
Jaraitė, J., Kažukauskas, A., Brännlund R., Kiran, Ch. and Kriström B.	2019	Intermittency and Pricing Flexibility in Electricity Markets	2019:588	Energiforsk report
Jaraitė, J., & Di Maria, C.	2016	Did the EU ETS make a difference? An empirical assessment using Lithuanian firm-level data	Vol. 37 No.1	The Energy Journal
G. Jehle, P. Reny	2011	Advanced Microeconomics Theory. Chapter 8	Any Edition	Pearson Education Limited
The instructors may provide students with other recommended/compulsory reading material during the course.				