### Objective of the course:
The aim of this course is to cover a number of important topics in microeconomic theory as well as to acquaint students with how theoretical microeconomic models are used in academic research papers. While students may find some of the topics familiar from intermediate microeconomics classes, the topics covered in this course are approached with more mathematical rigour than in intermediate courses.

The first two sessions are devoted to the study of the consumer theory, while the third session extends this analysis by introducing uncertainty. Session 4 deals with markets in both perfect and imperfect competition settings, whereas Sessions 5 and 6 present another important part of microeconomic theory, namely, the theory of incentives (also known as contract theory). Finally, session 7 is devoted to student presentations of academic papers which cover some of the topics and/or use some of the modeling techniques studied in the previous sessions.

### Learning outcomes:
In this course students will deepen their knowledge of microeconomic theory and gain or improve their analytical skills needed for microeconomic modeling. Moreover, they will be acquainted with how microeconomic models are employed in academic papers and will have an opportunity to analyze some of such papers in detail. Finally, students will improve their skills of presenting academic research.

### Course outline:

**i. Sessions 1 & 2 – Consumer theory (7 hours, Dr Justina Klimavičiūtė)**
1. Consumer’s optimization problem
2. Some important relationships
3. Consumer’s problem with endowments in the budget constraint
4. Welfare evaluation of economic changes

**ii. Session 3 – Choice under uncertainty (3 hours, Dr Justina Klimavičiūtė)**

**iii. Session 4 – Markets (3 hours, Dr Vaiva Petrikaitė)**
1. Partial equilibrium in competitive markets
2. Partial equilibrium in markets with imperfect competition

**iv. Sessions 5 & 6 – Incentive theory (7 hours, Dr Vaiva Petrikaitė)**
1. The principal-agent problem
2. Adverse selection
3. Moral hazard
4. Applications

v. Session 7 – Student presentations of academic papers (4 hours)

Evaluation (exam and grading):
The final grade will consist of two parts: a written exam (60%) and a presentation of a research paper (40%).

The exam will take place at the end of the course and will cover all the material studied.

Presentations of research papers will take place in the last session of the course (session 7). Students will have to present a paper chosen from the list proposed by the lecturers. Depending on the number of students enrolled in the course, presentations will be made either individually or in groups. Each presentation will be given 45-60 minutes (to be determined depending on the number of students in the course). Students will be required to have a good understanding of the model used in the paper and to be ready to answer questions on that, but in their presentations they will also be expected to find the right balance between the mathematical rigour and the intuition behind the equations (more guidelines will be given during the course).

Pagrindinė literatūra

Main textbook:

Some additional references and the list of papers for presentations will be given when relevant during the course.

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Doktorantūros komiteto teikimu patvirtinta fakulteto/instituto taryboje 2019 m. kovo mėn. 25 d., protokolo Nr. 210000-KI-14

Pastaba: jei doktorantūros teisę bus suteikta kartu su kita institucija, tvirtinama ne fakulteto taryboje, o jungtinėje komisijoje.