

**Purdue University
Department of Agricultural Economics**

**AGEC 217
Course Description
Fall 2017**

Instructor: Michael E. Wetzstein

Teaching Assistant: Brandon Weiland

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I. INTENT: To introduce students how they and society can achieve happiness through economics. Economic theory provides a theoretical structure for analyzing economic behavior and how through decentralizing decisions we can maximize happiness.

II. TEXT: Wetzstein, M., "Happiness through Economics: Market Decentralizing Decisions for Maximizing Social Welfare," Skyepack eText.

Wetzstein, M. and H. Wetzstein. Rational Thinking through Economics: Answers to some of Life's Nagging Questions.

III. GRADING:

	Approximate Grade	Points
A. Three examinations		
1. September 29, 2017	20%	100
2. November 8, 2017	20	100
3. Final Examination	30	150
B. Joint Problem Sets	20	100
C. Daily Assignments and Quizzes	10	50

IV. CLASS ATTENDANCE: Students are expected to attend classes regularly. A student who incurs an excessive number of absences will be withdrawn from the course.

V. Link Happiness through Economics with Rational Thinking through Economics

Happiness through Economics Chapters	Rational Thinking through Economics Questions
1	1, 13, 14, 15, 16, 17
2	3, 4, 9, 10, 12, 18, 32, 35, 37, 98
3	19, 34, 65, 72, 73, 106
4	2, 6, 38, 39, 66, 67, 75, 76, 77, 78, 97
5	20, 21, 25, 45, 46, 47, 62, 69, 70, 90, 99, 100
6	71, 74, 85
7	95, 96
8	5, 8, 42, 108
9	53, 54, 55, 56, 57, 58, 59, 60, 61
10	41
11	
12	
13	101, 102, 103, 104, 107, 109, 110, 118

VI. Supplemental Instruction:

There are Supplemental Instruction (SI) study sessions available for this course. These study groups are open to anyone interested in staying current with the course material and develop an improved understanding of the material. Attendance is totally voluntary, but extremely beneficial for those who attend regularly. Times and locations for the sessions are at: www.purdue.edu/si or at app: www.purdue.edu/boilerguide. Students who attend these interactive sessions will find themselves working with peers as they compare notes, demonstrate and discuss pertinent problems and concepts, and share study and test-taking strategies. Students are asked to arrive with their student ID card, lecture notes and questions to these informal, peer-led study sessions.

VII. Extra Credit Report

Date Due: December 8, 2017

Procedure: *Learn as much by writing as by reading.* This project involves finding current (August 21, 2017 or later) articles in the popular press and writing an economic analysis of the content. The written report has a maximum of five typed double-spaced pages plus a copy of the article with its date. The report should focus on an economic model, which provides qualitative support, contradicts, or both, aspects of the popular reasoning. For most examples a complete geometric model will be appropriate. Reports will be graded on the following basis: (1) quality and completeness of economic analysis, (2) correct theoretical interpretation of the article, and (3) quality of exposition and neatness.

AGEC 217
Tentative Schedule of Lecture Topics,
Problem Sets, and Examinations

WEEK	DATE	LECTURE NUMBER/TOPIC	READINGS	PROBLEM SETS
1	August 21	1. Introduction	Appendix, Ch. 1	
			<i>Would you be sorry if all your wants were satisfied?</i>	
	23	2. Household Preferences and Grocery Carts	Ch. 2	
	25	3. There are Gains from Trade		
2	28	4. Improving Social Welfare		
	30	5. Review (Math Review, Chapters 1 and 2)		#1 Due
	September 1	6. Production Possibilities	Ch. 3	
3	6	7. Determining Economic Efficiency		
	8	8. Understanding General Equilibrium in a Competitive Economy		
4	11	9. Review (Chapter 3)		#2 Due
	13	10. Elasticity Dissected	Ch. 4	
	15	11. Deriving Market Supply		
5	18	12. Review (Chapter 4)		#3 Due
	20	13. Measuring Economic Efficiency	Ch. 5	
	22	14. Government Intervention and Deadweight Loss		

WEEK	DATE	LECTURE NUMBER/TOPIC	READINGS	PROBLEM SETS
6	September 25	15. Tax <i>Who pays taxes?</i>		
	27	16. Review (Chapter 5)		# 4 Due
	29	17. Examination #1		
7	October 2	18. Answers to Examination #1		
	4	19. Balance of Trade <i>Would you want to live in a country with a trade deficit or surplus?</i>	Ch. 6	
	6	20. Trade Restrictions <i>Why the big fuss over free trade, anyway?</i>		
8	11	21. Review (Chapter 6)		# 5 Due
	13	22. Utility Functions Dissected <i>Is there a hedonimeter?</i>	Ch. 7	
9	16	23. Measuring Aggregate Output and Income <i>Does higher level of GDP guarantee higher level of happiness?</i>		
	18	24. Review (Chapter 7)		#6 Due
	20	25. Determination of the Interest Rate, I <i>Is a dollar forthcoming a year from now worth as much as a dollar today?</i>	Ch. 8	
10	23	26. Price Comparisons through Time <i>Do you have money illusion?</i>		
	25	27. Review (Chapter 8)		#7 Due
	27	28. Deriving the Market Supply Curve for Labor <i>Should only land be taxed?</i>	Ch. 9	
11	30	29. Establishing Perfectly-Competitive Factor Market Equilibrium <i>Are you affected by the minimum wage?</i>		
	November 1	30. Determining the Monopsony Wage and Employment <i>Does a monopsony offer the lowest wage it can?</i>		

WEEK	DATE	LECTURE NUMBER/TOPIC	READINGS	PROBLEM SETS
11	November 3	31. Union's Influence over Wages <i>Should a union strike during peak production?</i>		
12	6	32. Review (Chapter 9)		#8 Due
	8	33. Examination #2		
	10	34. Aggregate Demand <i>Will an increase in investment yield a one-for-one correspondingly increase in GDP?</i>	Ch. 10	
13	13	35. Answers to Examination #2		
	15	36. Aggregate Supply <i>If markets naturally restore any market shocks to full employment, then why is a government required?</i>		
	17	37. What is the Federal Reserve System? <i>Is the Federal Reserve the Big Brother watching you?</i>	Ch. 11	
14	20	38. Monetary Policy <i>Does the stock market watch the Federal Reserve or vice-a-versa?</i>		
15	27	39. How Fiscal Policy Works? <i>Are federal earmarks bad?</i>	Ch. 12	
	29	40. Role of Government in Promoting Economic Growth <i>Should we invest in the future or cut the deficit?</i>		
	December 1	41. Review (Chapters 10, 11, and 12)		#9 Due
16	4	42. How to Maximize Social Welfare <i>What type of society do you live in?</i>	Ch. 13	
	6	43. Strategic Voting <i>Can your optimal revealed choice deviate from your true choices?</i>		
	8	44. Theory of Second Best <i>Are free-market zealots correct?</i> Review		