

Maryland in Europe Graduate Programs  
Bowie State University

**Economics for Administrative Management**  
**ECON 505**

Term 3: Jan. 20th to Mar 14th, 2003

Stuttgart

Mon & Wed\*\* 18:30 to 21:30

\*\*In Stuttgart, there will not be any class sessions on Monday, January 20, in honor of the MLK Jr. Holiday. The make-up session for that Monday will be the following Friday, January 24. Additionally, there will not be any class sessions on Monday, February 17, in honor of Presidents' Day. The make-up session for that Monday will be the following Friday, February 21.

**Instructor:** Gordon Leitch  
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**Consultation:** before & after class & by appointment

**Course Description:** *Prerequisite: Application for admission to the M.A. in Administrative Management or M.S. in Management Information Systems degree programs.* This course is a survey of macro and microeconomic concepts relative to administrative management. It introduces students to the behavior of the consumer and producer in the market place; price determination; the macroeconomic problems of income, employment, and price stability; and how to use the tools of fiscal and monetary policy to move the economy in the direction of society's macroeconomic goals. This course satisfies the economics prerequisites for the Bowie State M.A. and M.S. programs. **It is not open to students who have already satisfied the economics prerequisites.** Public administration students who have only satisfied one of the economics prerequisites, may satisfy the other economics prerequisite by enrolling in ECON 505.

**Course Goals/Objectives:**

**Goals: Upon completion of the course, participants should have an understanding of:**

1. how economists think regarding tradeoffs, opportunity costs, and long-run effects
2. allocation of resources used in production
3. economic models and theories of how the economy works
4. differences among market economies, command economies, and mixed economies
5. how prices are determined in various market conditions, including monopoly
6. the level and composition of Gross Domestic Product
7. policy recommendations and evaluation
8. the limits of predictability using economic models

**Objectives: At the conclusion of this course the student will be able to:**

1. understand business news better
2. see why economists think in terms of tradeoffs, choices, and efficiency
3. view how the interaction of buyers and sellers influences prices and exchanges

4. explain why command economies are less productive
5. appreciate the limitations of models of consumer behavior and utility
6. find and organize economic data series
7. organize and interpret data in a graphical format
8. make the connection between competitive markets and enhanced consumer choices

**Required Text:**

McConnell, C.R. & Brue, S.L. (2002). *Economics: Principles, Problems and Policies*, 15<sup>th</sup> Edition. Boston: McGraw-Hill.

American Psychological Association. (2001). *Publication Manual of the American Psychological Association*, 5th Edition. Washington DC: Author

**Grading Information:** Grades for this course will be assigned as follows:

A	90% +	C	70 to 79%
B	80 to 89%	F	Below 70% F(a) or regular non-attendance F(n)

Grades of Incomplete or Withdrawal are governed by Maryland in Europe policies. Please refer to UMUC Maryland in Europe Graduate Catalog, available in your local Education Center or online at [http://www.ed.umuc.edu/visit/pubs/catalog/grad\\_02-03.pdf](http://www.ed.umuc.edu/visit/pubs/catalog/grad_02-03.pdf), for further details.

**Course Requirements:**

Midterm Examination:	40%
Final Examination:	40%
Project:	20%

**Project Description:** The project is a modest term paper. It should be a combination of text and graphs, or other visual illustrations. You will need to use a spreadsheet program like Excel to read the data and create graphs (or a composite graph). You must use one of the topics listed below, or may propose a topic of your own as long as it

1. covers at least 50 years worth of graphable data and
2. asks a question about two or more economic variables that doesn't have an immediately obvious answer.

Many data series can be found at:

<[www3.access.gpo.gov/eop](http://www3.access.gpo.gov/eop)> for data in the Economic Report of the President. Click where it says “current year statistical tables in spreadsheet format” and <[www.federalreserve.gov](http://www.federalreserve.gov)> for monetary & interest rate data. Follow the links to “research and data”, then “statistics: releases & historical data”. Look for H.15 under weekly releases, then find “historical data”. Other data series may require using a search engine, such as <[www.google.com](http://www.google.com)>.

Format of the Paper (grammar and spelling influence the overall impression) follows the APA style manual. As for its contents, here is a suggested organization:

- A. What variables are examined?  
What relationship (if any) is expected or seems likely, and why?  
What relationship (if any) does the textbook or economic theory suggest should exist?
- B. Names of data series (economic variables) included in the paper, periods covered (dates), and frequency of data. List the complete source for each data series (name, printed reference, or internet URL).  
The further back the series go, the better. The start dates for the series should match. If they don't then only use the overlapping periods so they all start at the same time. If you have series with different frequencies (like monthly & quarterly) be sure you've matched the time periods so they line up properly.  
Note: a paper that doesn't use at least 2 data series as far back as 1930 can only get a maximum grade of 89% - - - in other words, to get an "A" you'll have to dig a little bit farther.
- C. Create a graph for each data series and adjust their alignment so the same moments in time match up, or alternatively create one graph with several series plotted in it, as long as it is still readable.  
Describe what you see: what relationship or connections or patterns do you notice?  
Does what you see match what was expected, or is it different?  
Do you have any ideas explaining the relationship you see?  
Does the text have any ideas explaining the relationship you see?  
Optional: students who have had a stat class can include a correlation coefficient and other pertinent information.
- D. How do your findings in part C answer the topic?

Some Term Report Topics:

1. Changes in Federal Income Tax Rates, Taxes Collected & Total Federal Government Spending 1913-1999. (is there any connection?)
2. Federal Reserve short term interest rates and Stock prices. (do they move together, or in opposite directions? when? for how long?)
3. Total Federal Taxes (Income, Social Security, etc) and Budget Surpluses or Deficits
4. The Trade Balance (surplus or deficit) and GDP.
5. The Trade Balance and US stock prices.
6. Index of Leading Economic Indicators and GDP - - - how well do they lead?
7. Presidents, Political Parties & the Economy: Any Connection? (look at elections, which party is in power in different branches of government, & indications of economy activity)
8. Federal Reserve Interest Policy and the Short-term Credit Markets: Leader or Follower? (does the Fed set an interest rate the market later moves to, or does the Fed change its target rates to match market conditions?)
9. Money Supply definition (M1, M2, etc) and GDP changes
10. Money Supply definition and Unemployment rates.

### 11. Inflation rates and the price of Gold - - - do they match?

To generate more topics, you may (in some cases) replace one of the terms with another macroeconomic variable. Example: substituting short-term or long-term bonds (government, corporate) in place of the word "stocks". Be sure to clear your substitution with the instructor for approval.

#### Course Schedule:

Module	Topics	Assigned readings/assignments due
1	nature of economics, scarcity, supply & demand	chapters 1, 2, & 3 / before class
2	capitalism, mixed economy, global economy	
3	demand, supply, elasticity	
4	consumer behavior, utility, indifference curves	
5	costs of production	
6	perfect competition, monopoly	
7	monopolistic competition, oligopoly	
8	midterm	
9	national output, employment & price inflation	
10	aggregate expenditures model C+I+G+net exports, multiplier	
11	aggregate supply & demand, fiscal policy	
12	money & banking, banking system & (deposit) money creation	
13	federal reserve & monetary policy	
14	alternative views of macro theory and policy	
15	inflation & unemployment	
16	final	

**Academic Policies:** Please refer to the UMUC Maryland in Europe Graduate Catalog, available online at [http://www.ed.umuc.edu/visit/pubs/catalog/grad\\_02-03.pdf](http://www.ed.umuc.edu/visit/pubs/catalog/grad_02-03.pdf) or from your local Education Center, for information on the following:

Academic Integrity

Course Load

Exception to Policy

Grade Appeal Process

Make-up Examinations

Nondiscrimination

Students with Disabilities

## ***Code of Civility***

To promote a positive, collegial atmosphere among students, faculty, and staff, Maryland in Europe has developed the following Code of Civility:

### **Respect**

Treat all students, faculty, and staff with respect and in a professional and courteous manner at all times and in all communications, whether in person or in written communication (including e-mail).

### **Kindness**

Refrain from using profanities, insults, or other disparaging remarks.

### **Truth**

Endeavor to cite only the truth and not knowingly misrepresent, mischaracterize, or misquote information received from others.

### **Responsibility**

Take responsibility for our own actions instead of blaming others.

### **Cooperation**

Work together with other students, faculty, and staff in a spirit of cooperation toward our common goals of seeking and providing quality education.

### **Privacy**

Strive to uphold the right to privacy and not talk about others.

### **Nondiscrimination**

Respect the differences in people and their ideas and opinions and reject bigotry.

**About Your Instructor:** I received my M.A. and Ph.D. in economics from Tulane University. An extract from my dissertation "Profitability and the Evaluation of Economic Forecasts" was published in American Economic Review. Prior to joining the European Division in 1996 I taught at UMUC's program at Far Eastern State University in Vladivostok, Russia. I have also taught economics, finance, management and statistics courses at Tulane University, Southeastern Louisiana University, Loyola University (New Orleans), and the University of Portland.