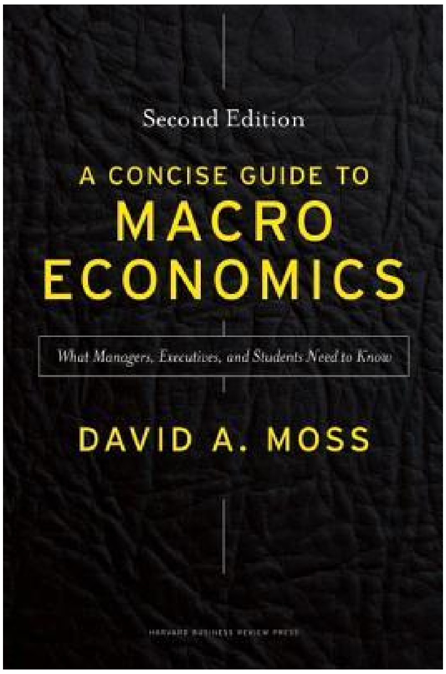

A Concise Guide to Macroeconomics: What Managers, Executives, and Students Need to Know

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Understanding the Ground Rules for the Global Economy

In this revised and updated edition of *A Concise Guide to Macroeconomics*, David A. Moss draws on his years of teaching at Harvard Business School to explain important macro concepts using clear and engaging language.

This guidebook covers the essentials of macroeconomics and examines, in a simple and intuitive way, the core ideas of output, money, and expectations. Early chapters leave you with an understanding of everything from fiscal policy and central banking to business cycles and international trade. Later chapters provide a brief monetary history of the United States as well as the basics of macroeconomic accounting. You'll learn why countries trade, why exchange rates move, and what makes an economy grow.

Moss's detailed examples will arm you with a clear picture of how the economy works and how key variables impact business and will equip you to anticipate and respond to major macroeconomic events, such as a sudden depreciation of the real exchange rate or a steep hike in the federal funds rate.

Read this book from start to finish for a complete overview of macroeconomics, or use it as a reference when you're confronted with specific challenges, like the need to make sense of monetary policy or to read a balance of payments statement. Either way, you'll come away with a broad understanding of the subject and its key pieces, and you'll be empowered to make smarter business decisions.

A Concise Guide to Macroeconomics: What Managers, Executives, and Students Need to Know Details

Date	:	Published August 5th 2014 by Harvard Business Review Press (first published July 1st 2007)
ISBN	:	9781625271969
Author	:	David A. Moss
Format	:	Hardcover 224 pages
Genre	:	Economics, Business, Finance, Nonfiction, Reference

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From Reader Review A Concise Guide to Macroeconomics: What Managers, Executives, and Students Need to Know for online ebook

Nikhil Baid says

As the name suggests it is really a very concise guide , however definitely recommended for any non finance guy who may usually get a shock on reading about these topics from some other heavy books. This book provides a very basic understanding, enough for a layman to know . All in all a good read . Finishes pretty quick :)

Sid1983 says

POST READING
The first part looks at money, output and expectations as the three major macroeconomic forces, and the interplay
The second part looks at ancillary topics like accounting for GDP and BOP statements
Pretty quick, basic read
Application: add to framework on macro

I.1 \ OUTPUT
Is key because ultimately it's output / capita that makes a country wealthy (vs. money/capita because printing)
Measure is GDP via the expenditure method (vs. value added or income) and is a fx CIGNx ==> if output (GDP) consumed is more than created (CIG) then NX has to be -ve ==> imports> exports ==> country is borrowing from abroad
Output increases with labor, capital or TFP
2 approaches:
A. Supply side / trickle down / Reaganomics wherein the belief is willingness of producers' sets economic growth
? Focuses on increasing output i.e. the supply
? E.g. reduce tax to increase wages increasing consumption and prompting investment which ought to drive R&D, increasing TFP in the long run
B. Keynesian theory calls for "managing demand" via government expenditure and lower taxes through monetary and fiscal policy
Recessions occur because in the short run the prices are sticky as is employment, and in the longer run, you have shocks

I.2\ MONEY
3 prices of money are interest rates, exchange rates and aggregate price of all goods and services i.e. price deflator
If money supply goes up, price for money goes down i.e. rates go down, the currency depreciates and inflation goes up
What's interesting is the interplay of these three price factors
E.g. real GDP up if output rises while nominal up if output and prices rise
Or if money supply goes up, nominal rates can fall but inflation is expected then it can push nominal rates up, ambiguous
Money illusion: when people think in nominal terms and see their incomes going up vs the effect of inflation
Money supply is changed by central bank either changing the rate at which banks to lend each other i.e.

discount rate or the reserve requirement of more often, open market operations

I.3\ EXPECTATIONS
Can drive reality
E.g. if you expect inflation to go up, then you increase your prices expecting wages to go up which then becomes self fulfilling
Or if you expect bad times, you save more and reduce consumption and the GDP falls below optimal levels i.e. GDP gap
Solution 1: monetary policy
Issue is liquidity trap wherein rate are near 0 which reduces the desire to convert money into financial assets (because you aren't earning anything) and demand for cash goes up with supply so rates stay the same
Solution 2: fiscal policy i.e. increase the G in CIGNx
Increase the deficit, but if we're at full employment, caution, it'll increase inflation. If we're at low employments then output goes up AND prices go up

II.1\ US MONETARY HISTORY
Gold system ought to be self regulating in theory
Inflation goes up, prices rise, imports rise, gold leaves the country, price of gold domestically goes up and inflation falls
Issue is rates fluctuate wildly with seasonal demand for money

II.2\ GDP ACCOUNTING
Expenditure method is preferred, final expenditure on all goods and services
NDP = GDP less depreciation but the issue is no real practical way of measuring depreciation
GNP is output by residents of a country living anywhere while GDP is within the borders of the country

II.3\ READING BOP STATEMENTS
It's an account of cross border transactions
Page 116
The financial account line item under capital account is key
Omissions are plugs but it's where money leaving the country in secret show s up, it's people in the know taking assets out discreetly
Double entry system
…credits: think of them as sources of fx, or, an increase in liabilities or decrease in assets
… debits: uses of fx, or, increases in assets or decrease in liabilities

II.4\ FX
Current account surplus is when demand by foreigners of a country's goods and services
Inflation rises, LT fx depreciates
If rates rise, demand for fx goes up as foreigners want more of the fin assets

II.5\ CONNECTING, OUTPUT WITH EXPECTATIONS AND MONEY
Page 133
Money supply affects inflation, interest rates and fx rates
Macroeconomics deals with money supply
E.g. when it goes up, nominal GDP goes up but real GDP (measured in constant currency) may not as it measures output increases, not price increases due to inflation
Macroeconomics also deals with policy to set expectations which can drive reality

Eugene Wong says

Great Concise guide to macroeconomics. Updated to understand the post GFC world.

Hendrik Utzat says

Moss' 'A concise guide to Macroeconomics' is intended as an easy-to-read introduction to the field for non-economists in two parts.

In the first part, Moss explains the relationships between the 'three pillars' of macroeconomics; Output, Money, and Expectations. In a clever way - making use of well-chosen examples - he introduces the most fundamental macro variables like the GDP, GNP, PPP, inflation rate, interest rates etc., and lies out the basic relationships between them. The reader will quickly develop a basic understanding of what influences currency exchange rates, what a Balance of Payment Statement is, what makes GDP go up or down, and what fiscal and monetary policies are effective levers for fostering prosperity.

In the second part, Moss focuses on selected topics; A Brief History of Money and Monetary Policy in the US, The Fundamentals of GDP Accounting, Reading a Balance of Payment Statement, and Understanding Exchange Rates.

For readers interested in getting an as concise as possible primer in macro, I highly recommend reading the first part of the book, and 'A Brief History of Money and Monetary Policy in the US'. Equipped with the knowledge of the first part of the book, the reader will get to understand the pitfalls of the gold-standard, how and why the Federal Reserve was founded, what gave rise to the financial crisis of 2007/2008, and how it was mitigated by monetary policies.

While intentionally not as entertaining as 'Naked Economics', this book provides a comprehensible intro to the field in just a few sittings.

Steven says

The title for this book is very appropriate. I read it because I have a very simple understanding of economics and felt I could use more information on the subject. Macroeconomics in particular are of interest and this book clearly and succinctly explains the basic principles behind macroeconomic theory. It doesn't delve into editorializing and steers clear of employment theory, theories on economic growth and other issues. It basically just explains what each concept means, without addressing, say, the issues facing the US. For example, it explains what a trade deficit is and how it happens, yet it doesn't talk about the US trade deficit or offer opinions on how to fix said deficit. It works as a reference guide and a refresher for anyone interested in a basic understanding of how to converse on 'the Economy'.

Vincent says

"Concise" is key here. This is not, nor is it intended to be a detailed examination of the subject matter. It is an excellent, brief, overview of macroeconomics. It is not a compelling read, but it's fast and easy to follow.

The primary principals of macroeconomics are covered and well explained.

As the book's own summary tells you, knowing and understanding the principals presented in the book may not make it any easier to prognosticate, but it will let you know when economies are deviating from expected behaviors. It will also make it easier to pass examinations...

Joe Murphy says

Reading to supplement an economics for managers course

Kenyon Harbison says

With all that is going on in the economy today, and with worries about monetary policy, etc., I wanted to brush up on my basic macroeconomics, so I checked this book out at the library. It served my purposes perfectly. It covers the major basic macroeconomic principles (components of GDP, nominal and real interest rates, comparative advantage, etc., etc.) in clear prose that...ahem...does not sound like it was written by an economist. Very readable. Short. It skips the equations and explains everything clearly and concisely. Highly recommended if you are not an economist but want to do what I did and make your opinions a little bit more informed.

Ted Daniels says

This book actually helps you understand Macro.

Leann says

This is really essential reading for anyone who wants to truly understand the complexities of national economies and international trade. You'll feel much more informed when reading the news and listening to politicians debate. Moss clearly communicates complex economic concepts in a way that makes you want to keep reading.

Justin Jaeger says

"Concise" is totally accurate, and in a good way. It was a great initial resource for the Finance and Macroeconomics course in my MBA program. It's written in enough of a spoken style to keep a naive novice like myself interested and doesn't bother with the fluff that gets all of us to roll our eyes. We only read the first half for the course, but I'll hang onto it and run through the rest if and when it becomes applicable in my new life.

Evelyn says

Actually, I'm very proud of myself. Only 25% of this book went straight over my head.

Because I want to work in finance, a knowledge of macroeconomics is a necessity, and this book was, as the title would suggest, concise and clear. Perhaps if I reread it a few times I would understand better, but as it is I had to return it to the library. This book is highly recommended to anyone who is interested in finance but lacks the patience to slog through a thick book. Highly readable - if an eighth grader can comprehend most of it, so can you.

Raj Agrawal says

A measured, accessible introduction to macroeconomics that doesn't take itself too seriously. I'm just starting the cognitive connection between economics and national security strategy, so this book was a lot of help getting me started. It's still a bit too fast-paced in some aspects, but I think Moss did a great job breaking this complex topic down into something beginners can digest.

Audra says

I wish I had read this book when I was studying macroeconomics in university, I probably would have understood the bigger picture much faster. What I appreciated the most about the book is that it boils down relatively complex concepts to their core ideas and provides you with the basics in a way that is still insightful. This was an enjoyable read.

Matthew Aks says

Assigned reading to the entire first year MBA class at HBS.
