Short Paper On Macroeconomics

Abstract: Whether and when does banking serve to stabilize the economy? Caprio and Honohan view the banking system as a filter through which foreign and domestic shocks feed through to the domestic economy. The filter can dampen or amplify the shocks through various credit market channels, including credit growth, import of foreign capital, and possibly interest rates. The question is whether the prudential quality of banking, as proxied by measures of regulatory quality and openness to foreign banking, amplify or dampen these shocks. The authors find that many of the regulatory characteristics that have been found to deepen a financial system and make it more robust to crises"notably those which empower the private sector"also appear to reduce the sector's ability to provide short-term insulation to the macroeconomy. It is as if prudent bankers are reluctant to absorb short-term risks that, if neglected, might cause solvency and growth problems in the longer run. Forbearance might dampen short-term volatility, but at the expense of the longer run health of the banking sector and the economy. One way to avoid this apparent tradeoff is evident: banking systems which have a higher share of foreign-owned banks, a feature already associated with financial deepening and lowered risk of crisis, also seem to score well in terms of short-term macroeconomic insulation. This paper"a joint product of Finance, Development Research Group, and the Financial Sector Strategy and Policy Department"is part of a larger effort in the Bank to analyze bank regulation and supervision. The authors may be contacted at gcaprio@worldbank.org or phonohan@worldbank.org.

There are certain qualities that we all claim. We are probably wrong, of course, but we deceive ourselves into believing that, short as we may fall in other ways, we really can do this or that superlatively well. "I'll say this for myself," we remark, with an approving glance in the mirror, "at any rate I'm a good listener"; or, "Whatever I may not be, I'm a good host." These are things that may be asserted of oneself, by oneself, without undue conceit. "I pride myself on being a wit," a man may not say; or "I am not ashamed of being the handsomest man in London;" but no one resents the tone of those other arrogations, even if their truth is denied. It is less common, although also unobjectionable, to hear people felicitate with themselves[Pg 14] on being good guests. Indeed, I have lately met two or three who quite impenitently asserted the reverse; and I believe that I am of their company. Trying very hard to be good I can never lose sight of the fact that my host's house is not mine. Fixed customs must be surrendered, lateness must become punctuality, cigarette ends must not burn the mantelpiece, one misses one's own China tea. The bathroom is too far and other people use it. There is no hook for the strop. In short, to be a really good guest and at ease under alien roofs it is necessary, I suspect, to have no home ties of one's own; certainly to have no very tyrannical habits.

This text offers business school students an excellent practical explanation of the short-term linkages in the macroeconomic arena. While the underlying theoretical constructs are not ignored, emphasis is placed on the empirical underpinnings and managerial implications of macroeconomics. The text begins by introducing key concepts such as the GDP, National and Personal Income, and the various measures of inflation and unemployment. Building on this foundation it then analyzes the following aspects of macroeconomics: aggregate supply and demand, international financial markets, cyclical fluctuations, policy analysis, and forecasting. Engages the reader with detailed case studies and "Manager's Briefcase" discussions. Focuses on the short-term linkages in macroeconomics. Uses an empirically oriented approach, while also explaining underlying theoretical constructs. Includes chapter summaries, key concepts, and practice questions. Lecturer resources available at http://www.blackwellpublishing.com/mfm/

In this insightful book, Charles L. Schultze employs an imaginative format for explaining to busy policymakers and citizens how the economy works and what issues are likely to affect macroeconomic policy.

A look at all the key topics in intermediate-level macroeconomic theory with carefully chosen linear versions of the standard models of both the closed and the open economy. It requires no mathematical proficiency beyond high school level algebra, and has been thoroughly tested in the classroom.

Roger Farmer is to be congratulated for editing this splendid set of essays in honour of Axel Leijonhufvud. . . I am sure that most of the readers of these essays will be excited and stimulated by their contents. Economic Record This book honors the work of the influential economist Axel Leijonhufvud. His work in macroeconomics, monetary theory and European economic history has spurred great discussion over many years, and the authors of this book comprise some of the very best economists active today. The broad influence of his work is evident in the variety of subjects his readers address. The topics range from Keynesian economics and the economics of high inflation to the micro-foundations of macroeconomics and economic history. The reader will find an intriguing compilation of ideas ranging from bankruptcy and collateral debt, the macroeconomics of broken promises, interest rate setting, growth patterns of macro models, innovation history to macroeconomics with intelligent autonomous agents. Scholars and students of economic history, Keynesian economics and alternative monetary theory will be delighted with the work inspired by this influential thinker.

There are few aggregate measures of the amount of regulation in the macroeconomy, despite the enormity of regulation and its macroeconomic consequences. Regulation and Macroeconomic Performance attempts to increase the awareness of macroeconomic effects of regulation by providing some descriptions of regulation's scope and channels as well as providing quantitative assessments based on technical statistical evidence.

These 28 essays, covering Tobin's work in macroeconomics from the early 1940s to 1970 are grouped into three parts - macroeconomic theory, economic growth, and money and finance.

Macroeconomic AnalysisEssays in macroeconomics and econometricsRoutledge

That the chapters in the volume cover such a wide range of important, often fundamental, topics is a proper tribute to Basil Moore s influence and contributions over his working life. From the foreword by G.C. Harcourt, Jesus College, Cambridge, UK During a distinguished career, Basil Moore has made numerous important contributions to macroeconomics and monetary economics, and is renowned as the progenitor of the horizontalist analysis of endogenous money. More recently, he has embraced complexity theory as part of an ongoing effort to understand macroeconomics as an evolving, path-dependent process. This book celebrates and explores Basil Moore s interests in and contributions to monetary and macroeconomic theory. Complexity, Endogenous Money and Macroeconomic Theory features original essays by internationally acclaimed and expert authors. It comprises a selection of papers on five distinct but interrelated themes: economic concepts, tools and methodology; complexity, uncertainty and path dependence; the macroeconomics of endogenous money; the macroeconomics of exogenous interest rates; and unemployment, inflation and the determination of aggregate income. These papers combine to provide a comprehensive methodological and theoretical discussion of the macroeconomics of a monetary production economy. The book will be of interest to professionals and research students in the fields of macroeconomics and monetary economics especially those with an interest in the Post Keynesian approach to analyzing these fields, including the wide audience that has been reached by the contributions of Basil Moore himself.

BRIEF PRINCIPLES OF MACROECONOMICS, Sixth Edition, became a best seller after its introduction and continues to be the most popular and widely used text in the economics classroom. Instructors found it the perfect complement to their teaching. A text by a superb writer and economist that stressed the most important concepts without overwhelming students with an excess of detail was a formula that was quickly imitated, but has yet to be matched. The sixth edition features a strong revision of content in all eighteen chapters. Dozens of new applications emphasize the real-world relevance of economics for today's students through interesting news articles, realistic case studies, and engaging problems. The premier ancillary package is the most extensive in the industry, using a team of instructors/preparers that have been with the project since the first edition. The text material is again fully integrated into Aplia, the best-selling online homework solution. I have tried to put myself in the position of someone seeing economics for the first time. My goal is to emphasize the material that students should and do find interesting about the study of the economy. N. Gregory Mankiw. Important Notice: Media content referenced within the product description or the product text may not be available in the ebook version.

Imagine what it would be like to go back in time to the 15th century Venice. And imagine what it would be like to meet your lifelong hero, Michelangelo. And imagine what it would be like if, on first meeting, you spill a tray of pasta and wine on that very same hero.Well, that's what happens to serious young artist Mark Breen. As the result of a drunken bet, Mark knocks out a painting of a toilet bowl. Much to his amazement, he sells it. In short order he's hailed as the new Andy Warhol and becomes an overnight sensation-and a very wealthy man. Soon, images of his toilet bowls are on more t-shirts, mugs, and calendars than Edvard Munch's The Scream.His friend and mentor, Hugh Connelly, afraid that Mark is in danger of losing his "artistic soul," advises him to go back to Italy and reacquaint himself with the "old masters." In Venice, Mark falls in love with Alexandra, a beautiful art restorer, but it's a one-sided affair. One night, hoping to win her over, he climbs up on a roof to find out who painted her favorite fresco. He falls off the roof and wakes up in 15th century Venice where he meets an innkeeper named Francesca, who looks exactly like Alexandra. And it gets curiouser and curiouser from there. During his stay-which is sometimes zany and sometimes frightening-he meet his hero, Michelangelo, who teaches him the true meaning of art.

Maximize Utility ("MU") is, on the surface, a review of contemporary monetary and macroeconomics ("M&M"). It is really a broader summary of the economy, markets, investing and government economic policy, and how these economywide forces affect the lives of everyday people and the economic success of households. MU highlights the limitations of M&M fiscal and monetary policies, active investment management and the myriad government programs designed to improve the economic well-being of people. MU reveals the tenuous nature of the models historically taught in M&M, that our current M&M canon is defunct and that we instituting ad hoc M&M policy with the hope that our future economic output will suffice for all the commitments we have made. Indeed, M&M parables and models are insightful about national economies, especially their historical development. M&M does not, however, constitute a body of scientific ideas to perform successful proactive government M&M policy and to engender greater economic output by the macroeconomic manipulations of interest rates and aggregate demand. Economic policy advocates, whether conservative or liberal, break on prejudices. The prevailing intellectual economic prejudice in America today, perhaps more than in any other society, is Keynesianism. American society perceives spending as the source of greater economic output. The other major player in our economic lives - the investment community or "Wall Street" - has been inordinately successful in the period from about 1980 until the present, i.e. over the lifetimes of the people who currently run America. Portfolios of assets, including stocks, bonds and real estate, have yielded high rates of return. This era was a unique period of asset price increases motivated by a fortuitous combination of underlying economic and social conditions. Through Wall Street and our central bank we have valued every asset to its maximum. We bet our economic future on the continuation of rising asset valuations. Future returns will be much lower, however, and we will face constant government budget shortfalls and related insolvencies like those of many pensions. In America we admire our central bank for managing the macroeconomy and we admire Wall Street for providing high rates of return but both are illusions. Our M&M story is largely a generational story about a generation that borrowed against the future of its children. Maximize Utility reveals the rightness of microeconomics. People are competent to manage their lives. To the extent they cannot, it is largely the result of a plethora of government interventions into education, family formation, healthcare, retirement, housing and labor markets. Our government patronizes our people extremely. Microeconomic parables are singular. Substitution, choice, preferences, technology, profit, marginal product, optimality, etc. are great ideas to think about our economic lives and how to run a household and live a fulfilling life. People need no nudges or supervisions of their choices. MU is three thrusts. It is a review of current economic conditions, a short text on M&M concepts and a section on methods in social and business science. MU is designed to be a reference book to accompany a textbook in course like economics, macroeconomics, monetary economics and various finance and international economics courses. MU is updated through 2016.

Master key principles of macroeconomics with the help of today's popular economics series that's trusted world-wide. Mankiw's BRIEF PRINCIPLES OF MACROECONOMICS, 9E uses a concise, inviting presentation that emphasizes only the material that helps you better understand the world and economy in which you live. You learn to become a more astute participant in today's economy with a strong understanding of both the potential and limits of economic policy. This version has fewer introductory chapters than the regular Macro version for a more concise treatment. The latest relevant examples bring crucial macroeconomic principles to life. Acclaimed author Gregory Mankiw explains, I tried to put myself in the position of someone seeing economics for the first time. My goal is to emphasize the material that learners should and do find interesting about the study of the economy. Real scenarios, useful economic facts, and clear explanations demonstrate how today's most important macroeconomic concepts play a role in the decisions you make every day. Important Notice: Media content referenced within the product description or the product text may not be available in the ebook version.

"The book focuses on the short- and long-term macroeconomic challenges faced by developing countries characterized by missing, incomplete and dualistic markets and weak institutions. Such problems affect long-term growth, short-term macroeconomic equilibrium, employment and inequality far more than in the advanced economies. A central message of the book is that ignoring these features and applying to developing countries models inspired by the reality of advanced economies may lead to wrong conclusions and policies. These challenges are discussed for a number of architypes of developing economies dependent on land and natural resources, affected by supply rigidities in agriculture, and featuring dualistic markets, a dominant informal sector, fast population growth, and chronic dependence on the export of commodities and a volatile external finance. Finally, the book discusses the impact on growth, inequality and poverty of the stabilization and structural adjustment reforms that were increasingly implemented during the last 30 years. These issues have acquired center stage after the launch of the Millennium Development Goals and Sustainable Development Goals initiatives that have not spelled out a clear macroeconomic approach. There is a risk therefore that wrong policies and sudden shocks may derail the progress towards the SDGs achieved by means of social policies"--

An attempt to revitalize the traditions of nonmarket clearing approaches to macroeconomics. Using tools from dynamic analysis, the text introduces a consistent, integrated framework for disequilibrium macroeconomic dynamics and explore its relationship to the competing equilibrium dynamics.

This title was first published in 2001. A collection of essays written by H.W. Arndt, over a 50 year period, that cover a broad range of his work, from analytical issues in monetary and fiscal theory to political economy. The earlier essays should appeal to those interested in the history of economic thought whilst the more recent essays deal with issues such as economic globalization.

This volume provides a unified framework for the analysis of short- and medium-run macroeconomics. It develops a core New Keynesian macro model based on imperfect competition and nominal rigidities and shows how this compares with alternatives.
Geared toward executives and managers, a revised guide explains important concepts in macroeconomics using detailed examples from history and helps break down how the economy really works and what impact it has on the business world. 12,500 first printing.
The structuralist perspective; Adjustment mechanisms - the real side; Adjustment mechanisms - two sector models; Short-run adjustment in practice; Money and other assets in the short run; Money, inflation, and growth; Trade balance complications; Foreign assets and the balance of payments; Two sector models of inflation, distribution and growth; Trade patterns and southern growth; Policy lessons.
Money and Macroeconomics is a significant collection of David Laidler's most important papers on the so-called 'monetarist counter-revolution'. This volume contains both published and unpublished examples of his influential contribution, detailing empirical work on the demand for money, the economics of inflation, the foundations of the 'buffer stock' approach to monetary theory, the monetarist critique of new classical economics and issues of economic policy.
Bringing together the proceedings of the 1979 and 1980 annual conferences of the Association of University Teachers of Economics the papers in this volume discuss: the effect of social security on private saving; an analysis of aggregate consumer behaviour; the philosophy and objectives of econometrics and other topics in macroeconomic and econometric analysis.
We develop a tractable open-economy new-Keynesian model with two sectors to analyze the short-term effects of aid-financed fiscal expansions. We distinguish between spending the aid, which is under the control of the fiscal authorities, and absorbing the aid-using the aid to finance a higher current account deficit-which is influenced by the central bank's reserves policy when access to international capital markets is limited. The standard treatment of the transfer problem implicitly assumes spending equals absorption. Here, in contrast, a policy mix that results in spending but not absorbing the aid generates demand pressures and results in an increase in real interest rates. It can also lead to a temporary real depreciation if demand pressures are strong enough to threaten external balance. Certain features of low income countries, such as limited participation in domestic financial markets, make a real depreciation more likely by amplifying demand pressures when aid is spent but not absorbed. The results from our model can help understand the recent experience of Uganda, which saw an increase in government spending following a surge in aid yet experienced a real depreciation and an increase in real interest rates.
Macroeconomic Policy is an applications oriented text designed for individuals who desire a hands-on approach to analyzing the effects of fiscal and monetary policies. The book demystifies the linkages between monetary and fiscal policies and key macroeconomic variables such as income, unemployment, inflation and interest rates. MBA and Executive MBA students who appreciate the importance of monetary and fiscal analysis will find this text to be right on target. Financial analysts and individual investors who need to strip away economic myths and jargon and systematically examine and understand the effects of macro policies will also find the book extremely useful. A unique feature of this book is the extensive use of specially written "newspaper" articles designed to simulate current macroeconomic news. Topics such as unemployment, soft landings, overheated economies, asset-price bubbles, liquidity traps, hyperinflations, and exchange rate meltdowns are incorporated in these articles. Each chapter contains exercises that enable the reader to relate specific underlined passages in these articles to the theory presented in preceding chapters. This distinctive approach ensures real-world applicability, and supporting diagrams further enable the reader to relate current economic news to the theoretical material discussed. Macroeconomic Policy is designed for a global audience. A key feature of this book is its emphasis on the role of expectations and "paradigm shifts" in implementing fiscal and monetary policies, both in developed as well as in emerging economies. This approach explains why once-successful macroeconomic models suddenly cease to be effective, and why Keynesian as well as Supply-Side models can legitimately coexist in several developed economies.
Macroeconomic policies matter for sustainable long-term growth. With global fluctuations, deviation from a stable growth path can be minimized by countercyclical macro policies, if properly implemented. This book examines Thailand’s 55 years of experience in macroeconomic management and provides valuable lessons for other emerging economies at various stages of development on what could have been done to avoid economic instability. It also examines how short-term complications can develop into perennial problems obstructing the process of economic development. The book provides an alternative approach to the study of economic growth through the inclusion of both economic history and institutional context, appealing to academics and economists who focus on economic growth, economic development, international macroeconomics, public policy study, business cycles, and the open-market economy.
This comprehensive textbook deals with multidimensional aspects of macroeconomics through lucid presentation of concepts and critical comparison of different schools of thoughts. Macroeconomics: From Short Run to Long Run presents a clear explanation of how the incomes of a country, prices of goods and services, level of employment, interest rates and so on are determined and how an economy progresses. The book attempts to re-establish the existing theories behind the determination of macro variables and the growth process of an economy. In the process, it captures the significance of the debate between the classical orthodox theories and Keynesian modernism and its implications. Besides adhering to traditional aspects, the book also focuses on recent developments such as green macroeconomics. Undergraduate and postgraduate students of economics and business economics will find this book immensely helpful. Key Features: • Provides empirical verification of theories where necessary. • Offers insightful content and critical analysis of environmental factors in the study of macroeconomics. • Chapters aided by mathematical explanations, quantitative problems and their solutions, and a plethora of objective review questions.
The thirty-first edition of the NBER Macroeconomics Annual features theoretical and empirical research on central issues in contemporary macroeconomics. The first two papers are rigorous and data-driven analyses of the European financial crisis. The third paper introduces a new set of facts about economic growth and financial ratios as well as a new

macrofinancial database for the study of historical financial booms and busts. The fourth paper studies the historical effects of Federal Reserve efforts to provide guidance about the future path of the funds rate. The fifth paper explores the distinctions between models of price setting and associated nominal frictions using data on price setting behavior. The sixth paper considers the possibility that the economy displays nonlinear dynamics that lead to cycles rather than long-term convergence to a steady state. The volume also includes a short paper on the decline in the rate of global economic growth.

This book sets out to show the current state of macroeconomics, from three main perspectives: methodology, theory, and economic policy. It is built on extensive conversations with some of the world's leading macroeconomists. These are based on wide questionnaires, covering jointly almost all the topics of macroeconomic theory, as well as questions of methodology, real economy, academic systems, and future lines of research.

This book retraces the history of macroeconomics from Keynes's General Theory to the present. Central to it is the contrast between a Keynesian era and a Lucasian - or dynamic stochastic general equilibrium (DSGE) - era, each ruled by distinct methodological standards. In the Keynesian era, the book studies the following theories: Keynesian macroeconomics, monetarism, disequilibrium macro (Patinkin, Leijongufvud, and Clower) non-Walrasian equilibrium models, and first-generation new Keynesian models. Three stages are identified in the DSGE era: new classical macro (Lucas), RBC modelling, and second-generation new Keynesian modeling. The book also examines a few selected works aimed at presenting alternatives to Lucasian macro. While not eschewing analytical content, Michel De Vroey focuses on substantive assessments, and the models studied are presented in a pedagogical and vivid yet critical way.

This author calls for an end to excessive consumption by individuals and corporations and, at the same time, calls for an economy based on the needs of people, not businesses.

This dissertation studies firm behavior in the context of macroeconomics. Although firms are a key building block of macroeconomics, their behavior has not been fully understood in the literature of economics. This dissertation is intended to build a deeper knowledge of firms. In particular, I extensively study firm-level markup and the firm's response to financial market disturbances. There are three research questions: how does firm-level markup evolve over the firm life cycle? what are the properties of firm-level markup? and do all firms respond to financial market disturbances similarly? The first chapter examines the evolution of firm-level markup over the firm life cycle. By using longitudinal microdata on Korea manufacturing industries, I document two empirical findings. First, firm-level markup increases over the life cycle. The estimated cumulative increase in markup over 30 years is 18% and most increases take place during the first 10 years of the life cycle. Second, the growth profile differs depending on the number of customers firms target. Firms that target a large number of customers more rapidly increase markup during the early stage of the life cycle, whereas firms that target a small number of customers increase markup more gradually for a longer period. To explain these findings, I develop a firm life cycle model with customer capital as the form of deep-habit formation. I find that by allowing type-specific deep-habit parameters the model can match the empirical findings. The second chapter studies the properties of firm-level markup. By using the same data in the first chapter, I document six findings on firm-level markup. First, firm-level markup is unconditionally countercyclical. Second, countercyclicality differs depending on the types of goods industries produce. Third, industries in which the number of firms is more procyclical exhibit stronger countercyclicality. Fourth, firms that trade more with affiliated firms set lower markup. Fifth, innovative firms set higher markup. Sixth, firms that more rely on regular workers exhibit stronger countercyclicality than firms that rely on non-regular workers. These findings indicate that firm and industry characteristics affect firm-level markup in various ways. The third chapter analyzes the response of small and large manufacturing firms to two financial market disturbances. By using the standard VAR approach, I find that there is heterogeneity in responses between small and large firms and depending on types of shocks. Specifically, the shocks to credit markets mainly tighten large firms' financial constraints through commercial paper markets. The cumulative decrease in large firms' short-term debts is 2.5 times larger. On the other hand, financial uncertainty shocks only tighten small firms' financial constraints through short-term bank borrowings. Besides, I find evidence that large firms use cash holdings to finance inventories after the shocks to credit markets

With the collapse of the Bretton Woods system, any pretense of a connection of the world's currencies to any real commodity has been abandoned. Yet since the 1980s, most central banks have abandoned money-growth targets as practical guidelines for monetary policy as well. How then can pure "fiat" currencies be managed so as to create confidence in the stability of national units of account? Interest and Prices seeks to provide theoretical foundations for a rule-based approach to monetary policy suitable for a world of instant communications and ever more efficient financial markets. In such a world, effective monetary policy requires that central banks construct a conscious and articulate account of what they are doing. Michael Woodford reexamines the foundations of monetary economics, and shows how interest-rate policy can be used to achieve an inflation target in the absence of either commodity backing or control of a monetary aggregate. The book further shows how the tools of modern macroeconomic theory can be used to design an optimal inflation-targeting regime--one that balances stabilization goals with the pursuit of price stability in a way that is grounded in an explicit welfare analysis, and that takes account of the "New Classical" critique of traditional policy evaluation exercises. It thus argues that rule-based policymaking need not mean adherence to a rigid framework unrelated to stabilization objectives for the sake of credibility, while at the same time showing the advantages of rule-based over purely discretionary policymaking.

Principles of Microeconomics 2e covers the scope and sequence of most introductory microeconomics courses. The text includes many current examples, which are handled in a politically equitable way. The outcome is a balanced approach to the theory and application of economics concepts. The second edition has been thoroughly revised to increase clarity, update data and current event impacts, and incorporate the feedback from many reviewers and adopters. The text and images in this book are grayscale. The first (previous) edition of Principles of Microeconomics via OpenStax is available via ISBN 9781680920093.