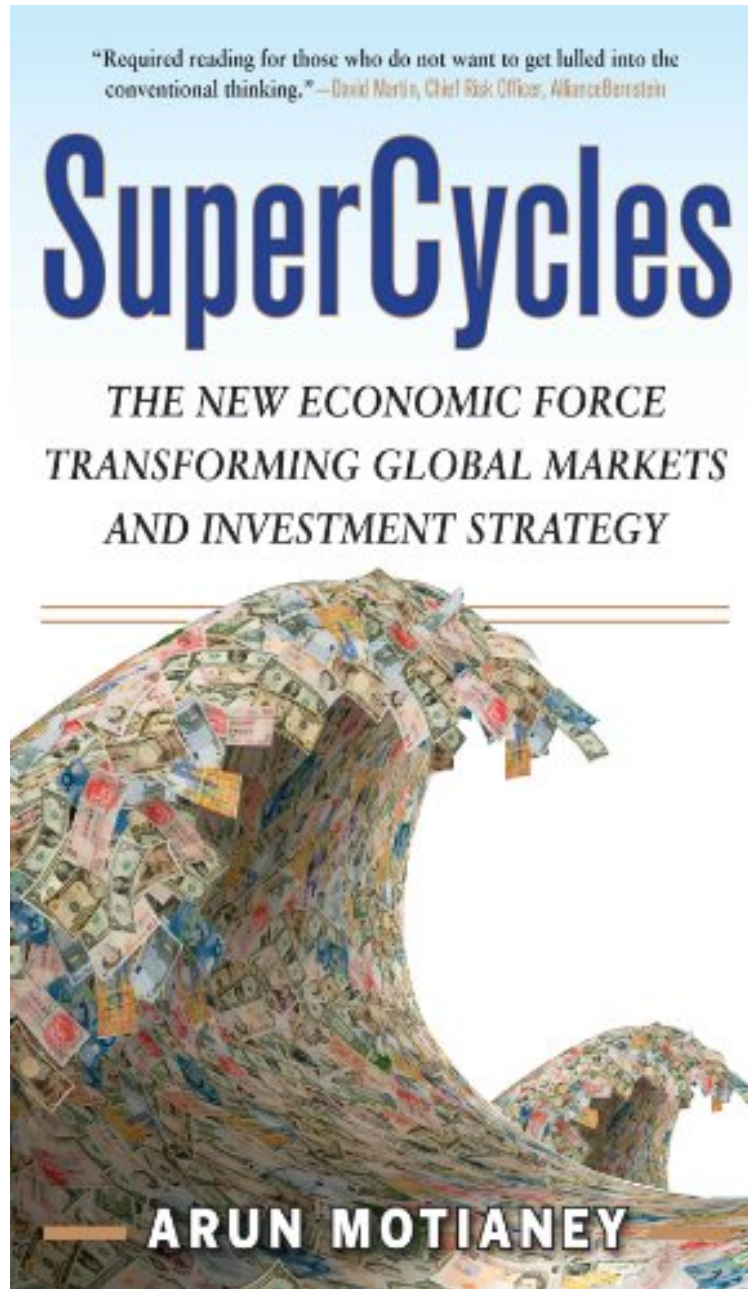


SuperCycles: The New Economic Force Transforming Global Markets and Investment Strategy

Arun Motianey

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Arun Motianey : SuperCycles: The New Economic Force Transforming Global Markets and Investment Strategy before purchasing it in order to gage whether or not it would be worth my time, and all praised SuperCycles:

The New Economic Force Transforming Global Markets and Investment Strategy:

2 of 2 people found the following review helpful. RefreshingBy jstampSupercycles is a refreshing view of modern economics that draws richly from the author's knowledge of history and experience. Motianey questions the "science" of economics because it generally lacks verification. There are so many variables in most economic models that it is impossible to identify causality with any accuracy. As a result almost any conclusion can be explained using very different theories. Supercycles describes longer trends that suggest that violent moves in the global economy are seeded in longer term fundamental problems rather than a dotcom bubble or a subprime bubble. The bubbles are symptoms of the problem rather than the cause. I think the book is written in a very readable format that is refreshing in its style and analysis. The book challenges the reader without the boring verbiage of typical economics texts or the fluff I would associate with the pop-economic books that have recently been written. It is thoughtful and well written. It is a unique analysis that explains much of the recent financial turbulence and unfortunately much of the turbulence that is expected to come.

20 of 22 people found the following review helpful. Finally, some new ideas!By Hildreth NoronhaMost of us been affected in some way by this recent economic crisis, and there could not be many who have not spent some time thinking about how this whole damn mess came about. And just when we thought it was over, and the pundits on CNBC were talking about a V-shaped recovery, we hear the economy is slipping down the slope again! So this book "SuperCycles" (which I first heard about when I read and enjoyed the author's long article on the Roubini Global Economics website) got me really interested because his solutions seemed to be a radical departure from what we hear about every day.

First, an important disclosure. I've had the book for just a few days and I've skimmed it quickly and then gone back to read the sections that caught my attention. The best way to read this sort of the book is to read it carefully because it is heavy with concepts - and these concepts build on the ones that came earlier. Since not many of us have the time to devote a whole week to a single book, I would suggest that the reader focus on the Introduction, Chapters 1, 2 3, 6, 7 and 8. Some of the chapters in the middle of the book that deal with the Gold Standard would appeal only to history buffs. The last chapter is on investment ideas for the three scenarios (deflation and two types of inflation) and would be of maximum interest to the general reader but to be quite honest you won't get that much out of it if you haven't understood how the Supercycle works and why the author believes that policymakers are going to be faced with nothing but really terrible choices. The two Appendixes, both quite long, can be omitted by most.

Is Motianey's thesis convincing? He launches a pulverizing attack on the economics profession, and Chapters 1 and 2 are worth reading (and worth the price of the book in my opinion) for the viciousness with which he attacks them. I am not an economist by profession, but I have some knowledge of the subject and have followed the debate in the media quite carefully. But even I was stunned by the author's accusation of the economics profession's ostrich-like behavior. Motianey adopts a high-risk strategy here and that is what makes this section of the book interesting and different from other books on this subject like Justin Fox's "The Myth of the Rational". He does not just claim that the mainstream theories have got it all wrong because they have failed to predict crises. He levels a more serious charge against the orthodoxy, by saying that their theories are unfalsifiable and economists have insulated themselves by coming up with theories that can never be proved wrong.

How can that be? Motianey says that macroeconomists will not let go of their theories because it is only when real economies mimic the descriptions of economies in their models (which is, basically, never) will they submit to the test of verification. It is not as silly or as trivial as it sounds! Because of the power of the economics profession in shaping the opinions of policymakers, economists play a destructive role by making the world adapt to their ridiculous models. (The extremes of financial market deregulation of the last twenty years being a case in point!) He is essentially calling the macroeconomists in the US Federal Reserve and in the top universities of the world frauds. Along the way he threads the reader through the different schools of macroeconomic thought (the Real Business Cycle and the New Keynesian being the main ones) but in his opinion, each one is as bad as the next. It isn't just economists who will object to his strong and highly provocative descriptions of mainstream economic thinking.

Having dispensed with the idea of a business cycle he introduces the idea of a Supercycle. This is the real meat of the book. It is not as difficult as it might first look. If you know what a supply chain is, you will get the idea of a pipeline that runs from commodities to goods and services. The author is basically arguing that a Supercycle is a series of booms, followed by busts, that begins with commodities and ends with services. Since the US is a massive service-driven economy, the boom and bust that we are going through now will prove especially painful. Most disturbing is his conclusion that no matter what measures are taken by the US government, the collapse of household balance sheets is unavoidable. Only sudden and unexpected inflation can alleviate the problem. I don't think Motianey means Argentina-style hyperinflation but he isn't talking about a garden-variety inflation either, though he never really makes that clear. This is the weakest part of the book. He moves quickly through his scenarios and then gets into the investment implications of the scenarios. Personally, I think he should have focused on just the economic ideas and left the investment ideas for another book, but that is just my opinion, and I am sure many others will disagree.

In conclusion, I think this book helped get me out of the echo chamber of "fiscal deficits are a really bad thing" and "Chinese savings were the real cause of the crisis" that I seem to find myself in every time I turn on the TV and listen to the pundits recycling their platitudes. Motianey offers a

complex and multi-layered picture of the world economy that is going to get even more challenging in the coming years. I'm not sure he has all the right answers, but my gut tells me he is on to something here and has some of them for sure. 0 of 0 people found the following review helpful. If you want to understand the macro cycle.....By Carebear
Best book on macro trend investing. It is clear and well thought out.

A brilliantly original assessment of what caused the global crash and a practical plan for investing accordingly. Supercycles, according to international economist and strategist, Arun Motianey, are the continuous, long waves of boom and bust that undulate through the global economic and financial systems. More often than not, they are the result of policymakers' well-intentioned but misguided attempts to achieve price stability. In Supercycles, Motianey surpasses the traditional business cycle model ("Boom and Bust"), to provide a detailed, objective, and at times surprising explanation of global economics. Drawing heavily on history and informed by cautious readings of a wide range of economic thought, Motianey critiques the way macroeconomics has been practiced by the major powers' central banks through the years. Specifically, it was the banks' intervention, ostensibly in the quest for price stability that actually served to entrench price instability. Further, he makes a compelling case for the new tools we'll be using to manage the post-meltdown global economy, and even advises on investor portfolios to protect us from the likeliest scenarios that occur when a supercycle enters its terminal phase. A cogent and impossible-to-ignore mixture of economics, finance, policy, risk management, and investment advice from a global perspective, Supercycles is certain to inform and inspire debate among investors, academics, and casual readers alike.

About the Author Arun Motianey worked for Citigroup from 1987- 2008. His positions included managing director and head of macro research and strategy in the company's Global Wealth Management division.