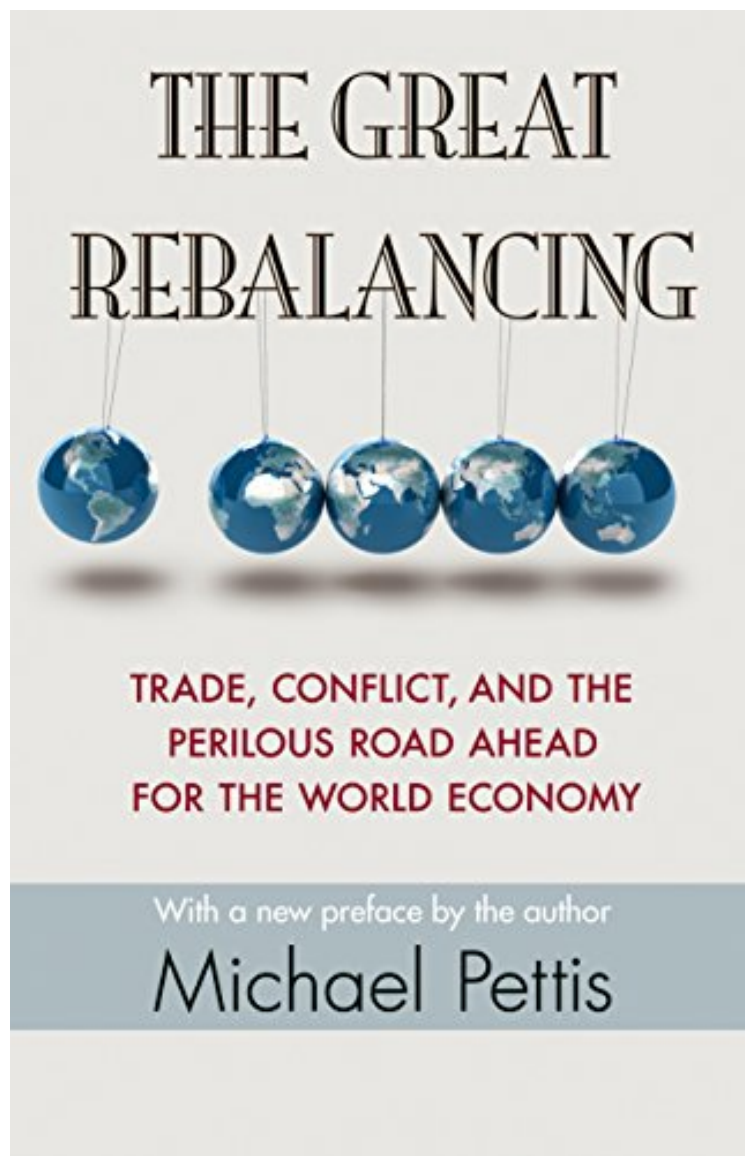


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## The Great Rebalancing: Trade, Conflict, and the Perilous Road Ahead for the World Economy

*Michael Pettis*

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**Michael Pettis : The Great Rebalancing: Trade, Conflict, and the Perilous Road Ahead for the World Economy** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Great Rebalancing: Trade, Conflict, and the Perilous Road Ahead for the World Economy:

1 of 1 people found the following review helpful. Good framework for understanding the 2008 crisisBy CT ChanThis

book was illuminating. I ended up buying the book for reference after reading a library copy. Michael Pettis argues that the global financial crisis of 2008 had its roots in large and persistent "Savings" imbalances. While I have some Macro Economics 101 background, I have never been strong in the subject. But reading Michael Pettis took my understanding of the Balance of Payments (BOP) mechanisms to a new level of enlightenment. The book provides a simple but powerful framework to understanding savings/trade imbalances and their repercussions. As a framework for better understanding the 2008 crisis, he starts off explaining three relevant BOP Accounting Identities without using equations. So, in certain parts, I had to re-read the passages a few times (I'm dense, I know) and to Google the equations (they are quite basic, but one would need a quick refresher). But once you remember the Accounting Identities, he shows their application, highlights the relevant cause and effect (highlighting how trained economists have misinterpreted causal relationships) and flags up wrong conclusions by fellow economists. Absolutely eye opening. Pettis leads the reader to the correct use of these basic BOP Accounting Identities and their second-round effects on the problems caused or faced by China, the Eurozone, and a strong US Dollar, and concludes by making predictions for these three geographies. That Pettis could consistently apply these simple Identities to analyse complex global events gave me a renewed confidence in interpreting global economic affairs. Clearly one of the best applied economics books in decades.

0 of 0 people found the following review helpful. good, but could have been better  
By JimBee  
Enjoyed the book; Pettis has a deeper understanding of these things than most pundits, but he still hasn't found the formula for making the concepts comprehensible to non-specialists. To be fair, nobody else I'm aware of has either. Most people will find this a slow read and will not feel they completely understand the issues when they finish the book--at least that's how it was for me (I have a BS in Econ and I follow the financial press, but I'm not an expert).

1 of 1 people found the following review helpful. Five Stars  
By thomas o. cookwell  
written and insightful regarding the global interactions of nations

China's economic growth is sputtering, the Euro is under threat, and the United States is combating serious trade disadvantages. Another Great Depression? Not quite. Noted economist and China expert Michael Pettis argues instead that we are undergoing a critical rebalancing of the world economies. Debunking popular misconceptions, Pettis shows that severe trade imbalances spurred on the recent financial crisis and were the result of unfortunate policies that distorted the savings and consumption patterns of certain nations. Pettis examines the reasons behind these destabilizing policies, and he predicts severe economic dislocations that will have long-lasting effects. Demonstrating how economic policies can carry negative repercussions the world over, *The Great Rebalancing* sheds urgent light on our globally linked economic future.

"[Michael Pettis is] a brilliant economic thinker."--Edward Chancellor, *Wall Street Journal*"Insightful. . . . [O]ffers a sweeping perspective that links trade, exchange rates, and cross-border capital flows to underlying domestic taxation, investment, and fiscal policies. . . . Pettis's erudite, but lucid and very readable analysis brims with surprising ripostes to conventional wisdom. . . . Pettis's stimulating, contrarian take on the present crisis challenges dogma with clear thinking."--*Publishers Weekly*"This is a book that should be read by: (a) politicians, central bankers and anybody else involved in macroeconomic policy; (b) all economists; (c) all students of economics; and (d) everybody else. *The Great Rebalancing: Trade, Conflict and the Perilous Road Ahead for the World Economy* by Michael Pettis is as sharp and clear as a cut diamond in its analysis of the continuing global imbalances. The author brings logic, accounting identities and clarity of thought and language to bear on the issue of prospects for the global economy, putting most other commentators into the shade."--Diane Coyle, *Enlightened Economist*"[A] book full of easy-to-understand, yet often misunderstood theories, explanations and predictions for what went wrong internationally before the 2008 Financial Crisis, what has been going on since, and where things are likely to head in the future. . . . *The Great Rebalancing* is probably one of the clearest, most elegant and logically written explanations of world trade, including both how policies affect trade and how trade affects economies. . . . [T]his is not just a China book, but a book encompassing some of the biggest economic and financial questions of our time. The persuasive, clear and well-reasoned arguments behind many of the seemingly unorthodox ideas in the book will make it both pleasing and nicely unsettling for many readers. Hopefully its message will be heard amongst policymakers before some of the more disturbing predictions become realities."--James Parker, *Diplomat*"With much pleasure, I highly recommend Michael Pettis' newest book *The Great Rebalancing*. . . . Michael Pettis has taught me most of what I know about global trade. I also happen to believe he is the world's foremost expert on China in relation to trade and global macro events. I give two thumbs up to *The Great Rebalancing*."--Mike "Mish" Shedlock, *Global Economic Analysis*"I've been waiting for this book for over 10 years. . . . Anyone who wants to understand international economics better will benefit from this book. I cannot recommend it more highly."--David Merkel, *Seeking Alpha*"This is a dense and well-argued book. . . . It will be read with interest by the large and growing community that follows China's economy."--Mark O'Neill, *South China Morning Post*"*The Great Rebalancing* is probably one of the clearest, most elegant and logically written explanations of world trade, including both how policies affect trade and how trade affects economies. . . . [T]his is not just a China book, but a book encompassing some of the biggest economic and financial questions of our time. The

persuasive, clear and well-reasoned arguments behind many of the seemingly unorthodox ideas in the book will make it both pleasing and nicely unsettling for many readers. Hopefully its message will be heard amongst policymakers before some of the more disturbing predictions become realities."--James Parker, Diplomat Pacific Money Blog "[F]ascinating reading."--BizEd "[The Great Rebalancing] is original and quite convincing, and coherently challenges conventional accounts."--Choice "Demonstrating how economic policies can carry negative repercussions the world over, The Great Rebalancing sheds urgent light on our globally linked economic future."--World Book Industry From the Inside Flap "Through the past decade of China's financial and strategic emergence, Michael Pettis has been a source of unfailing common sense about the possibilities and limitations of the Chinese model. Now he has put his analysis and recommendations into one concise book. I highly recommend reading and reconsulting his book to put the daily flow of China news into perspective."--James Fallows, author of China Airborne "This is a brilliant book, one that absolutely must be read by all who are concerned with globalization's future. Michael Pettis debunks the reigning conventional wisdom about international trade, finance, and globalization, and provides the most clear-eyed, unbiased, and unvarnished insights into how the Chinese economy works. From Chinese savers to Greek debtors to American bankers, Pettis shows how we are all connected--and what to prepare for on the road ahead."--Clyde Prestowitz, author of The Betrayal of American Prosperity "Michael Pettis has written an essential guide to the macroeconomic imbalances that bedevil today's global economy. We ignore his message at our peril."--Dani Rodrik, author of The Globalization Paradox "This is a profoundly interesting exploration of the causes of the trade and capital imbalances that produced the 2008 financial crisis. Michael Pettis argues that the structural gap between China's domestic consumption and production is the central reason for its pursuit of export-led growth through currency undervaluation. His analysis focuses valuable attention on the deep domestic reforms required in all the major trading countries for the 'great rebalancing' of their international accounts--and the avoidance of continuing crises."--Robert Skidelsky, author of Keynes: The Return of the Master From the Back Cover "Through the past decade of China's financial and strategic emergence, Michael Pettis has been a source of unfailing common sense about the possibilities and limitations of the Chinese model. Now he has put his analysis and recommendations into one concise book. I highly recommend reading and reconsulting his book to put the daily flow of China news into perspective."--James Fallows, author of China Airborne "This is a brilliant book, one that absolutely must be read by all who are concerned with globalization's future. Michael Pettis debunks the reigning conventional wisdom about international trade, finance, and globalization, and provides the most clear-eyed, unbiased, and unvarnished insights into how the Chinese economy works. From Chinese savers to Greek debtors to American bankers, Pettis shows how we are all connected--and what to prepare for on the road ahead."--Clyde Prestowitz, author of The Betrayal of American Prosperity "Michael Pettis has written an essential guide to the macroeconomic imbalances that bedevil today's global economy. We ignore his message at our peril."--Dani Rodrik, author of The Globalization Paradox "This is a profoundly interesting exploration of the causes of the trade and capital imbalances that produced the 2008 financial crisis. Michael Pettis argues that the structural gap between China's domestic consumption and production is the central reason for its pursuit of export-led growth through currency undervaluation. His analysis focuses valuable attention on the deep domestic reforms required in all the major trading countries for the 'great rebalancing' of their international accounts--and the avoidance of continuing crises."--Robert Skidelsky, author of Keynes: The Return of the Master