Commandant’s Professional Reading List

- The Little Book of Economics Discussion Guide -

The Little Book of Economics: This guide is intended to help Marines think about and synthesize ideas from the book. All answers or responses during discussion should be embraced as relevant, and open for further discussion. To the guide leader: There is no single right answer.

Encourage the Marine to read, from this book and other books. Encourage them to think, challenge and debate, and arrive at a common understanding. Encourage them to consider the ideas of others (authors and peers) and to push themselves intellectually.

Avoid leading the discussion group to a particular interpretation. Support continuous conversation. This guide does NOT support a lecture with mile-deep detail on every possible issue and scenario in the book The Little Book of Economics.

The point of this guide is to help the readers synthesize the purpose, perspective, wisdom – “goodness” – of the book with their own perspectives on warfighting, and come out of this session or sessions of small group PME with a better sense of history, identity, and purpose.

[The pagination for the following comments are based upon the John Wiley & Sons, Inc. Edition (hardback) 2010]

Prep Work:

a. Be prepared to discuss the following selected reading from the book:

   - Introduction, p. XIV
   - Chapter One, The Secrets of Success, p. 19
   - Chapter Three, In-Flight Monitor, p. 45.
   - Chapter Four, Labor Pains, p. 63.
   - Chapter Six, Drop the Puck, p. 101.
   - Chapter Seven, All the World’s an ATM, p. 119.
   - Chapter Thirteen, Good Debt, Bad Debt, p. 209
   - Chapter Fourteen, Love-Hate Relationship, p. 226
   - Chapter Fifteen, A Species of Neuralgia, p. 237

Discussion Questions: All answers/ responses during discussion should be embraced as relevant, and open for further discussion.

1. Introduction: What is meant by “…economics is the key to understanding and analyzing both what is likely to happen and what should happen?”

Key Take-Away: Standard of living and global leadership are dependent upon economic policy that considers principles of austerity, consultation, and common sense. Can we adapt to austerity of entitlements in order to seek economic prosperity in order to maintain U.S. global influence and standard of living?
2. The Secrets of Success
   Quote p. 12, “... a country at the technological frontier grows more slowly than one catching up to the frontier.”
   Quote p 19, “It takes investment in both capital and ideas to raise productivity.”

   Key Take-Away: The United States has traditionally been an idea producer to maintain our economic stability. Other nations are gaining ground as they are getting better at contributing new ideas and areas in which to invest. Investing in ideas drives us forward.

3. In-Flight Monitor
   Quote p. 45, “The four engines of economic growth are consumer spending, business investment, government spending, and exports.”

   Key Take-Away: Combined, these are referred to as the GDP of a nation (gross domestic product). What is the difference between monetary and fiscal policy, and why economists need both GDP and GNP statistics to forecast possible events?

4. Labor Pains
   Quote p. 50, “The job market is a wonderfully chaotic Petri dish in which new jobs are constantly being created or destroyed.”

   Key Take-Away: Unemployment numbers are perhaps the best indicator of an economy’s health at a given moment.

5. Drop the Puck
   Quote p. 100, “Like a hockey referee, the WTO gives countries an impartial venue to settle their trade disputes rather than mixing it up in the parking lot.”

   Key Take-Away: Technology has enabled the economy to expand globally in the contemporary environment. The challenge associated with this is those that chose to behave economically irresponsible can have global implications. Those who can will take advantage of those that cannot even in the national arena unless there is a forcing function or method of influencing economic activity.

6. All the World’s an ATM
   Quote p. 114, “The U.S. Treasury bond market is to the world what money market mutual funds are to ordinary investors; a safe, dull place to store cash you need in a hurry.”

   Key Take-Away: Comparably the dollar is stable. The U.S. will sell treasury notes because they’ll buy those treasury notes at a very low interest rate.

7. Good Debt, Bad Dept
   Quote p. 202, “Crises used to be restricted to emerging countries. Not anymore.”

   Key Take-Away: Debt load and gross national product smooth economic upturns and downturns.

8. A Species of Neuralgia
   Quote p. 228, “Almost by definition, crises are unexpected because they involve collective errors of judgment.”
   Quote p. 233, “Rising dependence on short-term borrowing is often a telltale sign of trouble.”
Key Take-Away: Economic crises usually happen because people get caught up in a good thing and begin to ignore fundamentals.

The Little Book of Economics Discussion Key Takeaways:

1. Standard of living and global leadership are dependent upon economic policy that considers principles of austerity, consultation, and common sense.
2. Investing in ideas is what drives us forward.
3. Four engines of economic growth are:
   - consumer spending,
   - business investment,
   - government spending,
   - export
4. Unemployment numbers are perhaps the best indicator of an economy’s health at a given moment.
5. Technology has enabled the economy to expand globally in the contemporary environment.
6. Comparably the dollar is stable.
7. Debt load and gross national product smooth economic upturns and downturns.
8. Economic crises usually happen because people get caught up in a good thing and begin to ignore fundamentals.

To the Discussion Leader:

Encourage the Marine to read, from this book and other books. At a minimum ensure Marines have read the “Bottom Line” portions prior to attempting discussion. Encourage them to think and challenge and debate, and arrive at a common understanding. Encourage them to consider the ideas of others (authors and peers) and to push themselves intellectually.