

Learning Objectives

Chapter 39

In this chapter you will

- Consider the role of information in macroeconomic decision making
- Learn about the debate over structural deficits
- Consider whether the government should balance its budget
- Look at the proposed role of macroprudential policy
- Consider the renewed debate on the role of Keynesian demand management policies

You should be able to

- Explain the importance of accurate and reliable information in decision making
- Assess the debate over the existence of structural deficits
- Explain the benefits of reducing the budget deficit
- Outline the characteristics of proposed macroprudential policy and give at least one cost and one benefit
- Provide a case arguing in favour of greater government management of the economy in times of recession and a case against