

The Potential and Limitations of Macroeconomic Modelling

The following are some questions for you to consider as you go through the required reading material which should help to guide the discussion.

- Does the failure to predict the 2008 global financial crisis mean that macroeconomic models are not fit for purpose?
- Why do we need economic models to answer macroeconomic questions?
- Can macroeconomics be an experimental science?
- Can economic policy be solely informed by empirical evidence?
- What do macroeconomists disagree about? Is it all about the extent of government intervention?
- Do you think that all macroeconomic models should be Dynamic Stochastic General Equilibrium (DSGE) models?

References

- Chari, V. V. (2010) "[The promise and the limits of modern macroeconomic theory in providing advice for policy](#)", Testimony before the U.S. House of Representatives.
- Hansen, L. P. (2019) "[Purely evidence-based policy doesn't exist](#)" Chicago Booth Review.
- Smith, N. (2017) "[Summing up my thoughts on macroeconomics](#)"