

**RETHINKING MACROECONOMIC POLICIES  
FOR DEVELOPMENT**

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*Abstract*

The global economic crisis has created an opportunity to rethink macroeconomics for development. Such rethinking is both necessary and desirable. It is essential to redefine macroeconomic objectives so that the emphasis is on fostering employment creation and supporting economic growth instead of the focus on price stability alone. It is just as important to rethink macroeconomic policies which cannot simply be used for the management of inflation and the elimination of macroeconomic imbalances, since fiscal and monetary policies are powerful and versatile instruments in the pursuit of development objectives. In doing so, it is essential to overcome the constraints embedded in orthodox economic thinking and recognize the constraints implicit in the politics of ideology and interests.

*JEL Classification*

E6, E50, E52, E58, O10, O11

*Keywords*

Full employment, economic growth, fiscal policy, monetary policy, pro-cyclical policies, inflation, fiscal deficit, interest rate, stabilization, adjustment.