

Addressing Global Inequality through Modern Macroeconomic Approaches

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ABSTRACT: This narrative review examines the theoretical and empirical developments in macroeconomic thought, focusing on the limitations of conventional models and the emergence of more inclusive and adaptive approaches. The study aims to explore how contemporary macroeconomic theory can better address global inequality, economic volatility, and institutional transformation. Using a structured literature search across Scopus, Google Scholar, and PubMed, the review employed specific keywords such as "macroeconomic theory," "Keynesianism," "policy implications," and "regulatory economics." Inclusion criteria prioritized peer-reviewed articles published within the last 15 years, focusing on diverse macroeconomic schools of thought and their real-world applications. Findings reveal the sustained relevance of Keynesian models, especially during economic crises such as the COVID-19 pandemic, where fiscal interventions played a pivotal role. Criticism of Dynamic Stochastic General Equilibrium (DSGE) models is validated by their inability to reflect social complexities and economic uncertainties. In contrast, agent-based modeling (ABM) offers a more nuanced understanding of economic dynamics. Furthermore, the role of institutional reform in shaping inclusive and sustainable macroeconomic policies is emphasized, particularly in the context of developing countries. The integration of economic, ecological, and ethical dimensions in the "beyond-GDP" framework signals a shift toward a more holistic economic paradigm. These insights underscore the need for continued innovation in macroeconomic modeling and policy design. By adopting interdisciplinary and context-sensitive approaches, policymakers and researchers can better address the structural and systemic challenges of the 21st century..

Keywords: Macroeconomic Theory, Keynesian Economics, Institutional Reform, DSGE Critique, Agent-Based Modeling, Inclusive Policy, Beyond-GDP.



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INTRODUCTION

In the past decade, both developed and developing countries have faced increasingly complex challenges in macroeconomic policymaking. These challenges stem primarily from global financial instability driven by volatile market conditions and unpredictable monetary policies. The 2008

global financial crisis exposed major regulatory gaps, revealing the vulnerability of the global economy to shocks such as extreme interest rate changes and inconsistent monetary actions (Bortz, 2023; Kolodko, 2023). This crisis revealed not only the weaknesses of existing financial oversight mechanisms but also catalyzed a re-evaluation of the macroeconomic models that had guided policy for decades.

Following the crisis, there has been a profound evolution in macroeconomic thought, with considerable influence on contemporary public policy. Policymakers and economists alike have reconsidered the efficacy of traditional fiscal and monetary strategies in addressing economic turmoil (Bortz, 2023). Dominant models such as the Dynamic Stochastic General Equilibrium (DSGE) have come under scrutiny for their limited capacity to account for real-world macroeconomic dynamics, particularly those related to inflation and unemployment (Ostapenko & Buglevsky, 2022; Anjum, 2022). In contrast, Keynesian and post-Keynesian perspectives have gained renewed attention, emphasizing the role of expectations and market psychology in shaping economic behavior (Kavaliou, 2019; Rochon & Rossi, 2018).

The resurgence of monetarist thinking and the challenges posed by conventional monetary policy have further complicated macroeconomic management. Theories emphasizing endogenous money supply underscore the limitations of policy responses in unpredictable contexts (Ostapenko & Buglevsky, 2022). At the same time, the emergence of digital currencies and cryptocurrencies has posed significant challenges to central banks, threatening their ability to regulate monetary stability and price levels (Saito, 2021; Hendrickson, 2017). These developments necessitate a more nuanced and progressive understanding of the interplay between monetary policy and macroeconomic realities.

Simultaneously, welfare policies and resource distribution have re-emerged as central concerns in economic discourse, particularly in the wake of unequal recoveries from economic shocks. Governments are increasingly expected to craft policies that balance economic growth with social equity and inclusiveness (Kolodko, 2023; Özden et al., 2024). This shift indicates a departure from growth-centric models towards those that prioritize human development and equity.

The primary challenges in macroeconomic policymaking today demand interdisciplinary collaboration to formulate innovative and sustainable solutions for both advanced and developing economies. The evolving theoretical landscape offers an opportunity to redefine public policy formulation in ways that address both immediate needs and long-term structural issues.

Academic literature has extensively critiqued the neoclassical macroeconomic framework, particularly its limitations in capturing systemic crises and economic inequality. A key critique centers on the model's reliance on rational agents and market efficiency assumptions, which often fail to reflect the complexities of actual economic behavior (Lavoie, 2022). The 2008 crisis exemplified the inability of these models to anticipate or comprehend the systemic failures that culminated in widespread financial collapse (Bortz, 2023).

Moreover, neoclassical models have been criticized for their neglect of social, political, and psychological dimensions that influence economic decisions. This is especially problematic in the

analysis of inequality, where efficiency-oriented models often understate the importance of income distribution effects on consumption and growth. For instance, as inflation rises, the impact of income inequality on aggregate demand is insufficiently captured in neoclassical formulations (Taylor & Barbosa-Filho, 2021). This gap highlights a broader disconnect between microeconomic assumptions and macroeconomic outcomes, undermining the models' explanatory power.

Recent scholarship identifies several gaps that underscore the need for integrating interdisciplinary approaches into macroeconomic theory. Legal perspectives, for example, can shed light on the institutional and regulatory dimensions of economic policy (Rittich, 2022). Psychological insights, particularly those related to expectations and confidence, offer valuable tools for understanding market behavior (Shiller, 2021). Ecological considerations, increasingly urgent in light of climate change, demand attention to the environmental implications of economic activity (Kolodko, 2023). Such interdisciplinary frameworks promise a more holistic and inclusive understanding of economic phenomena.

In light of these challenges and critiques, this review aims to synthesize contemporary macroeconomic theories with a focus on their practical policy implications. It seeks to evaluate the strengths and limitations of prevailing theoretical paradigms while considering alternative frameworks that incorporate broader social, institutional, and ecological dimensions. Key factors to be analyzed include the evolution of macroeconomic models post-2008, the rise of interdisciplinary approaches, and the growing emphasis on sustainability and equity in economic policy.

The scope of this review spans a diverse range of geographic contexts, reflecting the global nature of macroeconomic challenges and policy responses. In Europe, research frequently examines the integration of fiscal and monetary policies within the European Union, particularly in response to debt crises and inter-country inequality. These studies highlight the consequences of austerity measures and their effects on social welfare and economic growth (Bortz, 2023). In contrast, literature focusing on the Global South often addresses issues of sustainable development, poverty alleviation, and the formulation of context-specific macroeconomic strategies (Saito, 2021). Here, the role of the state in market regulation and inclusive growth is emphasized, with attention to local social and economic realities.

In this context, a significant research gap becomes evident. There is a pressing need for more interdisciplinary studies that explore the intersections of macroeconomic policy, sustainability, and social justice. Moreover, the geographical variation in policy implementation underscores the importance of contextualizing macroeconomic theory within specific socio-political and institutional settings. Understanding how macroeconomic models operate in practice across different regions can enhance the development of more effective and equitable policies.

Ultimately, this review advocates for a renewal and expansion of macroeconomic theory to better reflect the complexities of the modern global economy. By incorporating insights from multiple disciplines, and by grounding theoretical constructs in empirical realities, scholars and policymakers can work towards more resilient and adaptive policy frameworks. The aim is not

merely to critique existing models, but to contribute to the construction of a more robust foundation for addressing the economic, social, and ecological challenges of the 21st century.

METHOD

This narrative review on contemporary macroeconomic theories and their policy implications was conducted through a rigorous and systematic approach to literature identification, selection, and analysis. The goal of this methodology was to ensure that the review reflects a comprehensive understanding of the current academic discourse, grounded in high-quality and relevant sources. To that end, multiple search strategies were employed to access pertinent studies from leading academic databases, with careful attention to relevance, scholarly impact, and theoretical diversity.

The literature search was conducted using Scopus, Google Scholar, and JSTOR, with supplementary consultation of specialized economics and policy databases where necessary, which ensured the inclusion of high-quality and relevant studies. These databases were selected for their comprehensive coverage of peer-reviewed journal articles, working papers, and academic book chapters in economics, public policy, and related fields. The choice of database was based on the scope of indexed literature, search functionality, and reliability of the citation metrics provided.

Keyword-based searching formed the foundation of the search strategy. A combination of specific and broader terms was used to capture the complexity of the topic. Key phrases included "macroeconomic theory," "policy implications," "Keynesianism," "monetary policy," "fiscal policy," "regulation theory," "post-Keynesian economics," and "neoclassical macroeconomics." These keywords were often combined using Boolean operators such as "AND," "OR," and "NOT" to refine the results. For instance, a typical query might include "macroeconomic theory AND policy implications AND (Keynesian OR post-Keynesian)" to retrieve articles that discussed both theoretical and applied aspects of macroeconomic thought.

In order to ensure the review focused on the most current and relevant contributions, a filter was applied to prioritize studies published within the last 10 to 15 years. This time frame was chosen to reflect developments in macroeconomic theory since the 2008 global financial crisis, which served as a significant inflection point in both policy and academic discourse. However, earlier seminal works were also included when they provided foundational insights or were frequently cited in more recent scholarship.

Citation chaining was also utilized as a supplementary technique to identify influential articles that may not have appeared in keyword-based searches. This involved reviewing the reference lists of highly cited papers to trace the intellectual lineage of key debates in macroeconomic theory. Articles with high citation counts in databases such as Scopus and Google Scholar were prioritized, as this metric indicates a broad recognition and impact within the academic community (Bortz, 2023).

To maintain academic rigor, specific inclusion and exclusion criteria were established prior to the screening of identified studies. Articles were included if they directly engaged with macroeconomic theories or provided an analytical framework for evaluating macroeconomic policy. Publications had to be peer-reviewed or published by established academic presses to ensure credibility and quality. Emphasis was placed on sources that offered original theoretical contributions, comparative analysis, or critical evaluations of dominant macroeconomic paradigms.

Articles were excluded if they lacked a clear theoretical framework or if they focused narrowly on technical econometric models without broader policy relevance. Additionally, studies limited to microeconomic analysis or those unrelated to the intersection of theory and policy were omitted. Non-English publications were not included due to language constraints, although this limitation is acknowledged as a potential source of selection bias.

Various types of research designs were incorporated into this review to reflect the multidimensional nature of macroeconomic inquiry. While randomized controlled trials and cohort studies are less common in macroeconomic literature, a diverse range of analytical and empirical studies were considered. These included theoretical expositions, comparative case studies, econometric analyses, and interdisciplinary reviews. By including such a spectrum of methodologies, the review aimed to provide a well-rounded synthesis of how different schools of thought approach macroeconomic policymaking.

The selection process followed a structured and multi-phase approach. In the initial phase, search results from each database were imported into a citation management tool to facilitate screening and avoid duplication. Titles and abstracts were reviewed to determine preliminary relevance, followed by a more detailed examination of full texts to assess methodological quality and conceptual alignment with the review's objectives. Where ambiguity existed, the inclusion of studies was determined by consensus between reviewers with expertise in macroeconomic theory and policy analysis.

During the evaluation stage, each article was assessed according to a set of quality criteria, including clarity of theoretical framework, depth of analysis, and empirical support for claims. Studies were also rated for their contribution to understanding policy implications, particularly those that explored the transmission mechanisms of macroeconomic interventions in real-world contexts. The inclusion of diverse theoretical perspectives, such as Keynesian, post-Keynesian, neoclassical, institutionalist, and behavioral economics, was explicitly pursued to enrich the comparative dimension of the review (Lavoie, 2022; Bortz, 2023).

To ensure consistency and transparency in the literature synthesis process, all selected studies were documented with detailed metadata, including publication year, author(s), source, theoretical orientation, geographic focus, and key findings. These attributes were subsequently used to organize the thematic analysis presented in the results section of the review.

Ultimately, the methodological rigor employed in this narrative review serves to enhance the validity and reliability of its findings. By combining comprehensive database searches, precise keyword strategies, stringent inclusion criteria, and multi-layered screening procedures, the review

achieves a balanced and in-depth perspective on the evolution and practical implications of contemporary macroeconomic theories. These methodological choices were driven by a commitment to capturing both the theoretical diversity and policy relevance of the literature, thereby providing valuable insights for scholars, policymakers, and institutions concerned with economic governance in a rapidly changing global environment.

RESULT AND DISCUSSION

The findings of this narrative review are organized into four major thematic categories that emerged from a comprehensive analysis of the literature: (1) the continued relevance and evolution of Keynesian theory in contemporary policy, (2) the critique of neoclassical macroeconomic frameworks and the emergence of alternative modeling approaches, (3) the role of regulation theory and institutional diversity in shaping macroeconomic policy, and (4) the rise of interdisciplinary frameworks such as "beyond-GDP" and new pragmatism. Each of these themes highlights key developments in macroeconomic thought and their respective policy implications across different geographic and political contexts.

Recent empirical research strongly supports the enduring relevance of Keynesian macroeconomic models, particularly in times of economic crisis. For instance, during the COVID-19 pandemic, expansive fiscal stimulus packages implemented across advanced economies demonstrated the efficacy of demand-side interventions. Bortz (2023) notes that fiscal stimulus measures were instrumental in shielding labor markets from collapse and hastening economic recovery. Complementarily, Shiller (2021) emphasizes that Keynesian-inspired investments in infrastructure and social programs significantly stimulated aggregate demand, which in turn catalyzed broader economic activity. These outcomes affirm the practical utility of Keynesian prescriptions in stabilizing macroeconomic conditions during systemic disruptions.

The Keynesian model has also undergone noteworthy modifications in response to post-crisis realities. One major adaptation is the recognition of psychological and behavioral factors, particularly uncertainty and sentiment, in shaping economic decisions. Shiller (2021) argues that the incorporation of behavioral insights has enhanced the Keynesian framework's capacity to model real-world responses to policy changes. Furthermore, monetary policies such as negative interest rates and large-scale asset purchases (quantitative easing) have emerged as unconventional tools aligned with Keynesian logic, designed to combat stagnation and deflationary pressures in low-interest environments. On the fiscal front, there has been a shift toward progressive expenditure frameworks, emphasizing sustainability and equity—priorities that are increasingly embedded in modern iterations of Keynesian theory (Bortz, 2023).

In parallel, this review reveals persistent criticisms of the neoclassical paradigm, particularly the limitations of Dynamic Stochastic General Equilibrium (DSGE) models. As Devereaux and Wagner (2018) argue, DSGE models rest on assumptions of representative agents with perfect foresight operating in equilibrium settings. These assumptions render such models ill-suited to capture non-linear dynamics and sudden shocks. This limitation shows why DSGE has limited applicability in policy design for developing countries where structural shocks are frequent.

Ostapenko and Buglevsky (2022) echo this view, noting that DSGE models inadequately account for the cascading effects of monetary and fiscal interventions through complex financial networks. The empirical mismatch between DSGE predictions and actual crisis trajectories has led many to question their utility in policymaking and forecasting.

In response, agent-based modeling (ABM) has gained traction as a promising alternative. ABM accommodates heterogeneity among economic actors, decentralized decision-making, and adaptive behavior—all features that are pivotal in modeling real-world economies. Scholz-Wäckerle (2013) demonstrates that ABM is more effective than DSGE in simulating asset bubbles, crashes, and labor market fluctuations. Vymyatnina et al. (2018) further argue that ABM provides a superior framework for capturing the interaction between institutions, individual behavior, and market structures. These models enable the construction of bottom-up simulations that more closely mirror the complexity and uncertainty inherent in contemporary economies. As such, ABM represents a substantive methodological shift in macroeconomic analysis, expanding the empirical and theoretical boundaries of the discipline.

The findings also highlight the explanatory power of regulation theory in accounting for the diversity of capitalist systems across countries. Regulation theory posits that macroeconomic policy and institutional arrangements are shaped by historical and sociopolitical contexts. Lavoie (2022) observes that in Europe, the prevalence of social market economies reflects a strong regulatory tradition emphasizing social welfare, labor protection, and state involvement. In contrast, the United States exemplifies a more liberal form of capitalism characterized by minimal regulation and a strong reliance on market mechanisms. These institutional differences result in varying responses to economic shocks and influence how macroeconomic objectives such as employment, inflation, and fiscal balance are prioritized.

Moreover, the review underscores that historical and social institutions play a decisive role in shaping macroeconomic governance. Countries with colonial legacies often exhibit institutional structures that differ markedly from those in long-established sovereign states (Repo, 2018). These structural differences influence policy design, administrative capacity, and public trust in economic institutions. Benton (2021) points out that institutional configurations do not operate in isolation but interact with local and global forces, creating intricate feedback loops that affect policy outcomes. This dynamic interaction reinforces the need for contextualized policy approaches that align with domestic institutional realities while engaging with global economic trends.

The incorporation of interdisciplinary perspectives has become increasingly prominent in macroeconomic discourse, particularly through the lens of the "beyond-GDP" paradigm. Monga (2023) explains that this approach seeks to redefine economic progress by including social and ecological indicators alongside traditional measures of growth. For example, indices such as the Human Development Index (HDI) and the Sustainable Consumption Index have been proposed as complementary tools for evaluating macroeconomic performance. Kolodko (2023) argues that such indicators provide a more holistic understanding of prosperity, highlighting the trade-offs between economic expansion and environmental sustainability.

This shift has prompted a re-evaluation of policy objectives and metrics. Rather than focusing exclusively on GDP growth, policymakers are increasingly concerned with inclusive development, environmental resilience, and long-term well-being. Benton (2021) notes that such concerns

require new policy tools and governance frameworks that are responsive to multifaceted challenges. The inclusion of ecological economics, behavioral science, and ethics into macroeconomic analysis has facilitated a more comprehensive assessment of economic interventions, especially in addressing climate change and social inequality. These interdisciplinary approaches are essential for designing policies that reflect complex, interdependent realities.

The concept of "new pragmatism," advanced by Kolodko (2023), provides a flexible framework for macroeconomic policymaking, especially in developing countries. New pragmatism emphasizes practical solutions over rigid theoretical orthodoxy, encouraging policies that are tailored to local conditions and dynamically adapted to changing circumstances. This approach resonates with policymakers facing constraints such as limited institutional capacity, informal labor markets, and exposure to external shocks. Monga (2023) illustrates how countries that adopt pragmatist strategies—prioritizing context-sensitive investments and participatory governance—tend to achieve better socio-economic outcomes than those adhering strictly to universalist economic models.

In particular, new pragmatism encourages iterative learning and policy experimentation, allowing governments to refine strategies based on real-time feedback and performance evaluation. Seno-Alday (2015) notes that this orientation has helped some Global South countries to navigate complex development challenges by integrating social equity goals with macroeconomic stabilization efforts. The review finds that pragmatist policies, such as targeted subsidies, conditional cash transfers, and community-driven development programs, are more effective when aligned with local needs and institutional capacities. This reinforces the broader theme of adaptive governance as a cornerstone of successful macroeconomic management.

In sum, the results of this review affirm that macroeconomic theory and policy are undergoing significant transformations. The resurgence and adaptation of Keynesian thought, the growing critique of neoclassical modeling, the emphasis on institutional diversity, and the turn toward interdisciplinary and pragmatic approaches reflect a vibrant and evolving field. These developments not only enhance our theoretical understanding but also offer practical pathways for addressing the pressing economic, social, and ecological challenges of the 21st century. By drawing on a diverse array of perspectives and methodologies, contemporary macroeconomics is better positioned to inform responsive and resilient public policies across a variety of global contexts.

The nexus between global economic inequality and the failure of conventional macroeconomic models has emerged as a critical theme in contemporary economic scholarship. Models such as the Dynamic Stochastic General Equilibrium (DSGE), while theoretically robust, have come under scrutiny for their inability to incorporate the socio-economic dimensions that increasingly define global disparities. Monga (2023) highlights that these models often rest on assumptions of efficient markets and rational agents—assumptions that overlook how wealth and income are distributed across societies. This oversight leads to significant gaps in understanding how macroeconomic policies impact marginalized populations, thereby perpetuating rather than alleviating inequality.

Lavoie (2022) supports this critique by arguing that macroeconomic frameworks must evolve to incorporate distributional dynamics as core variables rather than peripheral considerations. The inability of traditional models to capture heterogeneous agent behavior, social stratification, and

systemic exclusions contributes to policy prescriptions that are ineffective or even counterproductive in reducing inequality. These limitations underscore an urgent ethical question: can macroeconomic theories remain relevant if they fail to address the growing chasm between the global rich and poor?

In response, a growing cohort of scholars and policymakers advocate for more inclusive economic models. These models should integrate variables related to income inequality, social protection, and economic access to provide a more accurate and just representation of economic realities. This shift calls for interdisciplinary collaboration, blending insights from sociology, political science, and behavioral economics into the macroeconomic domain.

Empirical evidence further supports the call for institutional reform as a pathway to mitigate systemic market failures. Monga (2023) finds that transformative changes in economic institutions—such as strengthening labor rights, expanding access to public services, and ensuring legal protections—can significantly enhance economic growth while reducing disparities. The alignment of institutional frameworks with equity goals leads to greater public trust and social cohesion, which are indispensable for long-term economic stability.

Benton (2021) reinforces this view, demonstrating that regulatory reforms targeting both formal and informal economic sectors can act as powerful equalizers. By extending legal and economic protections to informal workers and marginalized communities, states can reduce vulnerabilities and broaden the base of economic participation. Institutional reforms are not merely administrative exercises but structural shifts that reconfigure the rules of economic engagement.

Moreover, regulatory environments conducive to inclusive growth can help bridge the gap between global markets and local realities. When legal systems ensure access to justice and protections for small enterprises and workers, the entire economic ecosystem benefits from enhanced productivity and resilience. Such reforms are particularly salient in developing economies, where informal sectors constitute significant proportions of the labor market.

The intersection of inequality, institutional reform, and macroeconomic adaptation also informs the development of more inclusive and adaptive policy frameworks. The literature underscores the necessity of rethinking fiscal policies to incorporate mechanisms that buffer against global economic shocks. Anjum (2022) and Rochon & Rossi (2018) argue that public spending on healthcare, education, and social safety nets can function as automatic stabilizers, mitigating the adverse effects of global volatility on vulnerable populations. These expenditures are not merely welfare-oriented but are strategic investments in human capital and societal resilience.

The new economic pragmatism, as proposed by Kolodko (2023), emphasizes practical, context-sensitive solutions over ideological rigidity. This approach is particularly applicable in the Global South, where heterogeneity in economic structures and institutional capacities necessitates tailored policy interventions. A one-size-fits-all model is increasingly recognized as inadequate for addressing the diverse challenges facing developing economies.

This pragmatism extends to the adoption of hybrid models that integrate ecological, social, and economic imperatives. Monga (2023) and Benton (2021) highlight the rise of "beyond-GDP" paradigms that challenge the supremacy of economic growth as the sole metric of progress. These models prioritize sustainable development, equity, and well-being, advocating for metrics such as

the Human Development Index (HDI) and the Sustainable Consumption Index. Such frameworks provide policymakers with more nuanced tools to evaluate the effectiveness of economic strategies.

Despite these promising directions, several challenges remain. One major limitation is the lack of standardized methodologies for measuring inclusivity and sustainability within macroeconomic models. This impedes comparability across contexts and weakens the empirical foundation for policy design. Moreover, resistance from entrenched interests and institutional inertia can stall the implementation of reforms, particularly those that challenge neoliberal orthodoxy.

Another significant barrier lies in the data infrastructure of many developing economies, which limits the ability to monitor inequality and policy impacts in real time. Investments in statistical capacity and open data systems are essential for enabling evidence-based policymaking. Furthermore, there is a pressing need for capacity-building among policymakers and public administrators to translate theoretical insights into actionable strategies.

The literature also calls attention to the role of international institutions and global governance in shaping macroeconomic outcomes. Structural adjustment programs and conditionalities imposed by multilateral lenders often constrain the policy space of developing countries, limiting their ability to implement inclusive reforms. Thus, the debate extends beyond national boundaries to include questions of global justice and equity.

Future research should focus on developing robust, interdisciplinary macroeconomic models that are empirically grounded and normatively inclusive. Comparative studies across different institutional regimes can offer valuable insights into what works and why. Additionally, participatory approaches to economic modeling—engaging stakeholders from civil society, academia, and government—can enrich the design and legitimacy of economic policies.

In conclusion, the discussion reveals that a reorientation of macroeconomic thought and practice is imperative. Models that ignore inequality and institutional diversity are ill-equipped to navigate the complexities of the 21st-century global economy. Integrating empirical evidence, ethical considerations, and interdisciplinary insights can pave the way for more inclusive, adaptive, and effective macroeconomic policies. This evolution is not just desirable but necessary for achieving sustainable and equitable economic development in a rapidly changing world.

CONCLUSION

This narrative review has demonstrated that the relevance of macroeconomic theory and policy is increasingly contingent upon its adaptability to contemporary global economic challenges. The findings underscore the continuing relevance of Keynesian models, particularly in contexts of crisis, where government intervention has been shown to facilitate economic recovery and safeguard labor markets. Furthermore, the evolution of these models to incorporate behavioral and uncertainty-driven elements suggests a need for more dynamic theoretical approaches. The discussion also highlighted the limitations of neoclassical frameworks, especially Dynamic Stochastic General Equilibrium (DSGE) models, in accounting for the complexity of modern

economies. In contrast, agent-based modeling (ABM) offers a promising alternative with greater capacity to simulate real-world economic fluctuations.

The review confirms that institutional reform plays a critical role in addressing structural inequalities and improving economic inclusivity. Reforming labor laws, expanding access to public services, and ensuring regulatory oversight can bridge the gap between formal and informal economies. By addressing these limitations, this review contributes to the call for alternative frameworks that better capture complexity and inequality in modern economies..

Moving forward, policy strategies must integrate interdisciplinary insights that span economic, social, and environmental considerations, reflecting the "beyond-GDP" paradigm. Future research should focus on refining macroeconomic models that incorporate distributional equity and systemic risk, while also empirically assessing the long-term impacts of pragmatic policy interventions. Ultimately, embracing a pluralistic and context-sensitive approach to macroeconomic policymaking is essential for fostering global resilience and sustainable development.

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