Principles of Macroeconomics

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Author Note

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Most research articles emphasize the fact that research and development is an important factor even it comes to its contribution to the economic growth of a country. In addition to its direct contribution towards the economy of a state, it also has a spillover effect on the other businesses of the state. Investment in R&D is often considered as the measurement of the economic influence that a country can maintain its command over global politics (Atlanta, 2019). As of 2018, the US is the world leader when it comes to investing in the area of development and innovation. These include areas like automation, artificial intelligence, and robotics, to note some important ones. However, there is a chance that the world would soon witness a new leader of R&D spending as China is on the heels of the US R&D spending as the former tries to cement its place in global politics.

This goes the same for the industrial policy as well. It is defined as the struggle and the plans that are undertaken by the state to encourage the growth and development of the economic sector of a country (Landegger, 1993). Most scholars believe that a state needs to regulate its industrial policy, although their stances vary. For those who are against industrial policy, they believe that states with weaker economies should not be following selective trade policies. Instead, they should focus on the reformation in their overall trade structure. Those in favor think that states moving towards the start of their industrialization need regulatory policies due to weaker government structures, unsustainable development, and weaker institutions. They cement their argument with several examples of African states like Sierra Leone which turned to failed states due to lack of industrial policy. Therefore, we can conclude that the best approach is the one that maintains an oversight rather than an iron-fist control.

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