

Middle income trap

The middle income trap is exist for some countries which the country that want to progress and develop from low income countries to a middle income by reducing extreme poverty and structure . But after that , economic growth very slowed down. Resulting in the country It has been stuck as a middle income for several decades and is not likely to raise to be high income country. It have a lot of reasons that cause middle income trap such as main fast growing countries suffer from high inflation , lower in innovation level and technology , early growth tends to be input-driven rather than productivity-driven etc .Thailand is caught in a middle-income trap due to persistent income inequality, low education quality and an oligarchic political structure, also academics.

When we start to develop economic , usually the middle income country will change from agriculture society to industrial society . Thailand is already change into industrial society but mostly Thailand still contract manufacturing for international brand . It have less producer that choose to create your own brand because the availability of Thai technology is at a moderate level, partly from the availability of resources. Moreover, from the study of economic structure it was found that Thailand had several factors that resulted in a long period of being caught in the middle income trap. The important factors are inadequate competitiveness . This is reflected by Thailand's Global Competitiveness Index values compared with the High income country . It was found that there were four categories in which Thailand had lower scores, which are advanced education and training , Technology readiness , innovation and institutional environment with scores at a low level. All of these categories are connected and represents obstacles to increasing value investment which is unique to all high-income countries.

Furthermore, Thailand still stuck to the old model which does not work any more in the future such as Labor shortage of both skilled and unskilled labor . Inadequate labor in terms of quality and quantity, poor ability to absorb foreign technology, affecting overall innovation level of Thailand is still at a low level .Hiring the foreign worker is not a better choice for sustainability . Education system in Thailand is not proper and not enough knowledge for labor skill . Reflected from the average education of the Thai population is at the middle school level , unlike the developed countries where the average education is at the upper secondary level . Some kind of work and investor still need a high degree of education and high skilled of employees . Neighbouring countries started opening up countries and developing more capitalist economies. What these countries have an advantage than in Thailand is the cheaper labor costs and complete resources .This cause an increasing rate of unemployment rate in Thailand . Moreover , research and development Thailand's R&D is in lower level than the developed countries. To growing into the next level Thailand need more product and process of

innovation . However , it still have an other factor that cause Thailand stuck in middle trap anyway the most important problems to long-term growth in Thailand is institution weaknesses . So , the government who responsible for important policy for country , government should try to launch a new policy to make the country more innovative.

It can be seen that the concerning factor contributing to Thailand unable to escape from the middle income trap are all structural factors .The transition from middle-income to high-income levels takes time . And it takes a long time to solve problems and increase competitiveness by efforts in solving past problems may not be as successful as it could be . Due to the lack of continuity of government policy constraints and the quality of human resources. Education system and investment model that are not yet available a significant change . Escaping from the middle-income trap need to have a strong institutions in not only the public but also private sectors.

The important key development is develop human potential and investing with a focus on innovation production with high added value and improving efficiency continuous labor . However, the efficient ways to develop the country into a high-income country or not be stuck, as in the past, depending on concentration and continuity in serious practice from all sectors including building a mindset for all sectors in the country from generation to generation in order to the country's development to be sustainable, the government has to review and reduce regulations that hinder continued investment and aim to improve the quality of human resources . At the same time, the private sector should be prepared to able to learn and develop knowledge in technology to gained knowledge from foreign investment or application of new technology .

References

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