
Middle Income Trap: A Comparison On BRICS Countries And Turkey

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ABSTRACT

Middle Income Trap has become a concept taken into consideration by many developing countries. There are a number of countries, which cannot proceed to the high income economic level and which squeeze to the middle income trap, in the world. These countries overcome the low income category with a rapid growth, however, when they reached the middle income level, they began to get slower and came to a deadlock depending on inadequate productivity. Middle income countries, at the beginning of their growth processes, produce labor-intensive goods that do not require the advanced technology and, thanks to this, have cost advantage resulted from the low wages. This provides an important competitive advantage. However, along with the income increase depending on growth, production costs also rise. Providing economic growth depends on producing the innovative products requiring the high knowledge and skill. Therefore, it is necessary for the countries to reach the level of developed countries. Hence, the factors such as the increase of human capital and formation of innovation culture become important. The aim of this study, in terms of middle income trap, is to compare Turkey and BRICS (Brazil, Russia, India, China, South Africa) countries. In the framework of this aim, the economic structures and competitive states of Turkey and these countries are considered. In the section of Conclusion, There is an evaluation in terms of Turkey.

KEYWORDS Economic Growth; Middle Income Trap; BRICS Countries

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