

Can China Avoid the Middle-Income Trap?

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Abstract

Many countries became a middle-income country with rapid economic growth in the past but failed to transition to a high-income country, a phenomenon known as “middle income trap”. China became a middle-income country in a very short period due to rapid economic growth since 1980s. In recent years, Chinese economic growth softened and in post COVID period it became a concern that China might be falling into a middle-income trap. This paper examines whether China is in middle income trap. It also examines possible pathways for China to avoid such trap.

Keywords: China, middle income trap, economic transition