

Malaysia-Singapore-Thailand Capital Accumulation Growth (MST-CAG)

Suppanunta Romprasert

Abstract—Paper has presented ideal of capital accumulation growth by using Solow Growth Model for Malaysia, Singapore, and Thailand case. Based on past 10 years by those three countries, the economies have expanded. The investment on infrastructure also shows as a part of country's sustained economic growth such as telecommunications, electricity and ports. In the same time countries are experiencing a growing in shortage of skilled technical personnel. Then, paper's objective is to examine whether growth of countries is due to countries' capital accumulation. This objective brings to research question that "Why do developing countries (Malaysia and Thailand) grow at the same rates as developed one (Singapore)?" Scope of research is started at 1990 and ended at 2013. After analyzing the 24-year data collected and simulating those data with Solow growth model and basic model. Paper shows results as higher savings rate and higher gross fixed capital formation per worker lead to higher investment per person, and pull up steady-state level of capital. Moreover, increasing on literacy rate represents human capital that leads to growth of gross domestic product. Paper also benefits policymakers who are trying to implement such a policy to speed up economy in terms of economic growth and higher standard of livings including the well-being of people.

Index Terms—Capital accumulation growth, solow growth model, endogenous model, sustainability.

I. INTRODUCTION

Asian economic community (AEC) is counted as one of newly ASIAN continental economic integration. An opportunity for partner countries would be key economic driver especially on consumer-based markets. Therefore, it appears to be region of chances for ASIAN companies to grow for quick-transferring consumer goods and services businesses in next few years. Regarding to specific information above and supporting by Romprasert [1] states that Asian has one activity highlight in exports with free transferring of goods and services, investment, skill labors and free flow of capital. Cooperation on regional countries can support regional involvement to the world stage and increase regional economic huge among those countries. Importantly, Asian have been recognized in the role of science and technology which this role is creating economic growth including to manage of integration [2]. The integration can have positive effect by raising enough of financial support and giving chances to some institutions within region. There is growing realize that the power economies of some Asian member such as Malaysia, Singapore and Thailand is getting on a number of important

economic concept used to measure than others. Based on the past 10 years by those three countries, the economies of Malaysia, Singapore, and Thailand countries (MST countries) have expanded. The GDP at current prices shows that Malaysia, Singapore, and Thailand countries economy has in the top ranked economy in Asian. Although the economy has grown increasingly, but the future performance of those countries must be depended on continued reform of financial sector and increasing exports. The investment on infrastructure also shows as a part of sustained economic growth such as telecommunications, electricity and ports making Malaysia, Singapore, and Thailand countries are experiencing a growing shortage of skilled technical personnel. According to information above, paper's objective is to examine whether growth of Malaysia, Singapore and Thailand is due to countries' capital accumulation by applying Solow growth model as a part of Macroeconomic. This objective brings to the research question that "Why do developing country (Malaysia and Thailand) grow at the same rates as developed one (Singapore)?" This might be implied in the sense of factors potential influences affecting economic growth of a country that can improve and find the best solution to make country grow faster, and achieve sustainability. Furthermore, goal of policymakers is one important factor to raise standard of livings in country.

The scope of this research is to study economic growth of Malaysia, Singapore, and Thailand countries during 1990 through 2013 based on Solow growth model and endogenous growth theory. The research tries not to extend the study beyond economic growth resulting from capital accumulation of countries. Higher standard of livings from Malaysia, Singapore, and Thailand countries come directly from higher potential growth of countries' GDP per capita. Thus, the other factors except capital accumulation that can influence economic growth are out of paper's consideration.

II. LITERATURE REVIEW

A. Article Review

Singapore is one of ASIAN countries that faces high investment in human capital. It attracts foreign investment and welcome international experts including administrative of multinational firms which country particular develops a talent capital where knowledge and skills of people become competitive advantages [3]. Increasing in capital stock of export sector is main reason effecting falling in unemployment rate of Singapore making country's economy expands [4]. Ngoc [5] says that labor can be counted as an essential element that foreign businesses obviously concern about a large supply of labor relatively to capital stock. For Asian 12 countries, growth rate of labor force and rate of

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R. Suppanunta is with the Business Economics Department, Assumption University Suvarnabhumi Campus, Bang Sao Thong, BKK 10250 Thailand (e-mail: suppanuntaMkk@au.edu).