

In the ever-evolving landscape of global economies, understanding the factors hindering growth is of paramount importance. This research project embarks on an exploration of the enigmatic world of economic growth traps. The project aims to uncover the underlying mechanisms that keep economies stagnant and to propose innovative strategies to break free from these constraints. It focuses on two types of growth traps:

- When an economy, after a period of catch-up, approaches the limits of traditional sources of economic growth exploited thus far.
- When a previously global innovator economy falls behind the technological frontier and is unable to restore its former status.

Inspired by the critical discourse on the concept of the middle-income trap, our research project seeks to shed new light on the complex patterns of economic growth in middle- and high-income economies. We redefine the concept of a growth trap and examine various factors contributing to their occurrence. One of our key objectives is to fill gaps in the existing literature by redefining the concept of a growth trap based on economic mechanisms and characteristics rather than solely on gross domestic product per capita. In this way, we hope to provide a better understanding of the challenges faced by these economies in sustaining growth and advancing to higher levels of income.

Additionally, the project makes the first attempt in the literature to examine the impact of spatial effects on growth traps. For example, we investigate whether and how local factors and spatial dependencies can be used to influence local economic specializations that help avoid or overcome growth traps.

The findings may lead to a new wave of data-driven recommendations tailored to specific regional contexts, such as Southeast Asia and Latin America. Furthermore, our research can contribute to the development of growth theory and empirics, providing a solid foundation for future research in this field.