


Title : An Analysis of the Capital and Labor Substitution
in Medium Scale Engineering Industries in Bangkok
and Environs

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The policy of industrial development in the fifth and sixth National Economic and Social Development Plans have indicated the engineering industries as the leading sector in employment generation and economic development. Regional product per capita, provincial product per capita and the industrial concentration have revealed that the Bangkok and Environs are more important in economic development than other regions, with the highest per capita regional and provincial products. Because they are the centers of industries and the civilization. The engineering industries, therefore, can absorb more or less the labor surplus from the other economic sector. In other words,

In conclusion, the study has prepared two sets of recommendation, one is based on the results of this study, the other is proposed for further study. The former set emphasizes on the following issues. First, it is recommended that both the machinery industries and the metal industries to increase the capital and labor uses until the value of marginal product of capital equals to the average value of capital, and the value of marginal product of labor equals to the average value of labor, respectively. Secondly, Nakhon Pathom and Samut Sakhon should be included in the study so that all provinces in the region of Bangkok and Environs are examined to reflect the true picture. Moreover, data use in the study should be time-series type that will exhibit the trend of the industries. The value of capital should be computed separately for each industry so that the results of the study will be more precise. Random sampling of the data should be done for the interview to get the more accurate data on output, capital, labor and raw materials, otherwise, the biased data from the firms due to the taxation scheme. Third, labor problem, study and plan should be carried out by the involved institutes regarding the quantity and quality of labor to meet with demand of labor market. For the latter set of recommendation, one should try to elaborate the study on the issues of production and marketing for each engineering industries. Consequently, it will lead to a concrete recommendation on the development of each engineering industries.