

What Actually Makes a Country Grow

The buildable stack behind every economic miracle — **32 strategic priorities**, ranked by how much they decide the outcome, drawn from how 24 countries grew.

150×

Rise in Singapore's GDP per capita, 1965→2023 — a generation from third-world port to among the world's richest states.

Source: World Bank

ABOUT THIS REPORT

A field manual for the one decision that matters most

A national growth strategy is the single largest lever a government holds over the welfare of everyone it governs. This report distils what actually drives it — stripped of the slogans — from the documented record of 24 countries that tried.

The European Nexus for Strategic Intelligence (ENSI) builds first-principles analyses of how complex systems actually work — and how to build them. This report is grounded in a library of **142 primary documents**: national strategies and vision plans, IMF, OECD, World Bank and ADB country surveys, and the leading think-tank and academic studies of each growth episode.

The argument is built as an **information pyramid**. You can read it at three depths, and stop at any of them already understanding the thesis.

How to read this report

Depth 1 — 90 seconds. The cover, this summary, the dashboard, and the Growth Stack diagram. You will own the thesis and the headline numbers.

Depth 2 — 15 minutes. Add the reframe, the framework, the ranking-at-a-glance, and the recommendations matrix.

Depth 3 — the full read. The 32 ranked priorities, the country case studies, the risks, and the evidence base.

LEGEND

- emphasis / focal data
 - positive outcome
 - negative / risk
- Provider source document

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EXECUTIVE SUMMARY · 1 OF 2

The menu was never the cause

Ask why some countries got rich and most stayed poor, and you are handed a menu: free your markets, hold elections, spend on schooling, sell your minerals, take the aid. The countries that grew fastest followed that menu *least*; the ones that followed it most faithfully often stalled. Something is wrong with the menu.

This report argues the menu was never the cause. Growth is produced by a **buildable stack** — state capacity, an industrial-learning engine, and a discipline mechanism — that lets a country pick productive bets, finance them, force them to compete, and kill the ones that fail. Markets, schooling, openness and resources are tools that stack *wields*. Hand them to a state without the stack and they become rents for the powerful; hand them to a state that has built it and they compound into a generation of 7–10% growth.

The scarce ingredient is not intervention — every fast grower intervened heavily — but **discipline**: tying every subsidy to an external test the state itself cannot fake, usually exports. Subsidy without a test is a gift to incumbents; subsidy with one is a learning machine that turns weak firms into globally competitive ones. It is the difference between Korea's directed credit and Brazil's, between Botswana's diamonds and Nigeria's oil.

7.2%

Korea's annual growth, 1981–93 —
against 1.7% across reform-era Latin
America (Woo; UNCTAD)

~800m

People lifted from extreme poverty in
China since 1978 (World Bank)

40%

Of US income — where catch-up growth
typically stalls without an upgrading
capability

The mechanism beneath all of it is **capability**. A poor country is not poor for lack of money — capital flows downhill to cheap labour easily enough — but because its firms cannot yet *do* the complex things rich countries do. Growth is the accumulation of that productive know-how, and every priority in this report is a way to manufacture it faster and stop it leaking back out through corruption, an overvalued currency, or zombie firms.

EXECUTIVE SUMMARY · 2 OF 2

There is an accelerant that fools governments. Catch-up growth — cheap labour, foreign factories, a port — is copyable and works for about twenty years. Then the cheap labour runs out and the country hits the wall every middle-income economy hits. The jump to high income runs on a different fuel: indigenous innovation and the disciplined destruction of yesterday's champions. Most countries built only the easy half of the stack and called it a model. The trap is the bill for a capability the state never built.

None of this is cultural or fixed by geography. Korea in 1960 was poorer than Ghana; Singapore was a malarial entrepôt with no water; Botswana had twelve kilometres of paved road; Rwanda thirty years ago was a genocide. They built the stack. Resource giants that should have had every advantage did not — and did not grow. **What is buildable is a choice.** That is the good news and the indictment at once.

WHAT TO KNOW IN FIVE POINTS

- 1 **It's the stack, not the menu.** State capacity + industrial learning + a discipline test cause growth; specific policies are tools that only work on that foundation.
- 2 **Discipline beats direction.** The winners tied support to a hard external test (exports); the losers handed out subsidy with no test and got rent-seeking.
- 3 **Growth = accumulated capability.** Manufacture productive know-how faster than the next country — and stop it leaking out.
- 4 **The trap is predictable.** Catch-up stalls near 40% of US income unless you built an upgrading engine before you needed it.
- 5 **Order is the strategy.** Build the foundation (Layer 1) before the fundamentals, the fundamentals before the machinery. Skipping a layer is the recurring cause of failure.

“

The unified prescription — liberalize, privatize, stabilize — was never a strategy. It was a finishing tool that wrecked the states too weak to wield it.

— ENSI SYNTHESIS, AFTER **RODRIK**, *THE NEW ECONOMICS OF INDUSTRIAL POLICY*; **WADE**, *GOVERNING THE MARKET*

THE GROWTH DASHBOARD · 1 OF 2

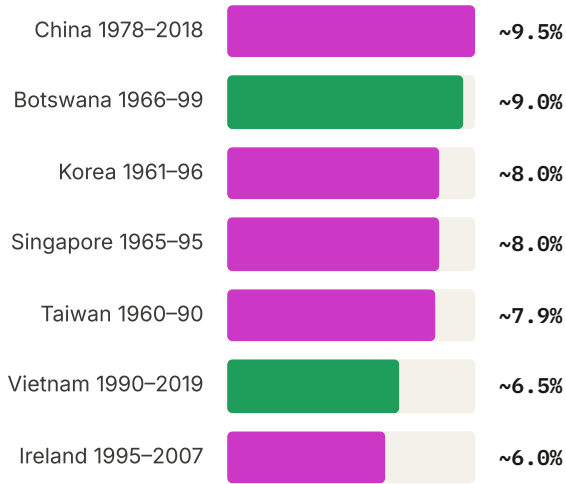
The thesis, in numbers

<p>150_x</p> <p>Singapore GDP/capita, 1965→2023</p> <p>World Bank</p>	<p>~800_m</p> <p>Lifted from extreme poverty, China since 1978</p> <p>World Bank, China 2030</p>	<p>7.2%</p> <p>Korea annual growth, 1981-93</p> <p>Woo; UNCTAD</p>	<p>1.7%</p> <p>Reform-era Latin America, same years</p> <p>UNCTAD</p>
<p>~9%</p> <p>Botswana avg growth, 1966-99 — the fastest on record</p> <p>Acemoglu-Johnson-Robinson</p>	<p><5%</p> <p>Vietnam poverty today, from >50% early 1990s</p> <p>World Bank, Vietnam 2035</p>	<p>40%</p> <p>Of US income — where catch-up typically stalls</p> <p>World Bank; Keun Lee</p>	<p>2_{→44}</p> <p>Indonesia nickel smelters after the 2020 export ban</p> <p>IISD</p>
<p>142</p> <p>Primary documents in the evidence base</p> <p>ENSI corpus</p>	<p>24</p> <p>Countries analysed across five continents</p> <p>ENSI corpus</p>	<p>32</p> <p>Strategic priorities, ranked in five layers</p> <p>This report</p>	<p>5</p> <p>Layers in the Growth Stack — build bottom-up</p> <p>This report</p>

THE GROWTH DASHBOARD · 2 OF 2

FIG. 1

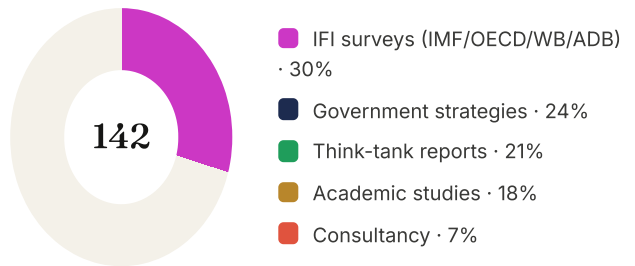
Sustained miracles: approx. peak-decade growth



Takeaway: the record-holders sustained 6–10% for a generation — long enough to compound a poor country into a rich one. **Source:** World Bank; national accounts (approx., real GDP).

FIG. 2

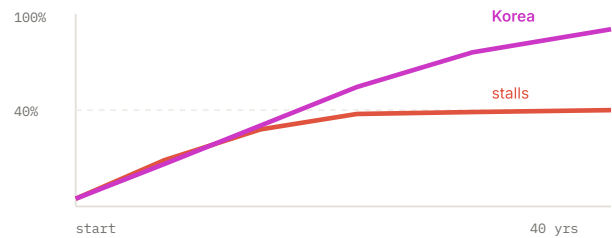
The evidence base, by document type



n = 142 documents across 24 countries. Approx. composition; see the source library, §24.

FIG. 3

The middle-income trap



Takeaway: input-led catch-up stalls near 40% of US income; only an upgrading engine breaks through. **Source:** World Bank; Keun Lee.

THE THESIS IN ONE DIAGRAM

The Growth Stack

Thirty-two priorities sort into five layers. Build bottom-up: each layer is the precondition for the one above it. Skipping a layer is the recurring cause of failure.

Layer 5 · Frontier & underused levers

priorities 29–32

Female labour-force participation · diaspora & talent · the green transition as a complex-industry vector · mission-oriented state investment vehicles. **High return, usually left on the table.**

Layer 4 · Quality & resilience

priorities 21–28

Digital state · health as infrastructure · competition & creative destruction · disciplined champions · connector/hub strategy · clean energy · social cohesion · policy continuity. **Keeps growth fast, clean and survivable.**

Layer 3 · The transformation machinery

priorities 13–20

Structural transformation · innovation system · deep-but-disciplined finance · special economic zones · resource-rent funds · fiscal capacity · demographic dividend · productive urbanization. **Moves an economy from poor to productive.**

Layer 2 · The growth fundamentals

priorities 5–12

Macro stability & a competitive currency · industrial-learning capability · human capital for production · hard infrastructure · FDI-for-capability · property rights · clean governance · strategic trade openness. **The conditions that let the engine run.**

Layer 1 · The state-capacity foundation

priorities 1–4

A meritocratic pilot-agency · a hard external discipline test (exports) · directed-but-disciplined capital · picking tradables & climbing the complexity ladder. **The engine. Nothing above works without it.**

Fig. 4 · The Growth Stack. Read bottom-to-top as a build order. The 32 priorities in §13–17 are dissected in this sequence.

TWELVE FINDINGS

What the record actually shows

- 1 The fastest growers followed the free-market prescription **least**; the most faithful followers stalled. [Woo](#) [Wade](#)
- 2 Every miracle ran heavy state intervention — the variable was **discipline**, not its absence. [Rodrik](#)
- 3 Exports work as the discipline test because the world market is a verdict the state **cannot fake**. [Amsden](#)
- 4 Directed credit built capability in Korea and crashed into rent-seeking in Brazil — **the test** was the difference. [PIIE](#)
- 5 Catch-up growth stalls near **40% of US income** without an upgrading engine. [Keun Lee](#)
- 6 Resource wealth without a fund and a fiscal rule **lowers** growth; Botswana and Norway are the exceptions that prove the rule. [AJR](#)
[Norges Bank](#)
- 7 FDI raises growth only when policy forces **linkages and tech transfer** — Ireland and Costa Rica engineered them. [IDA](#) [CINDE](#)
- 8 An overvalued currency quietly kills tradables faster than any subsidy can build them. [Rodrik](#)
- 9 Zombie firms — losers kept alive — crowd out the capability that growth depends on. [OECD](#)
[BIS](#)
- 10 The decisive levers are also the **most overlooked**: state capacity and the discipline test top the ranking. [ENSI](#)
- 11 Order is the strategy: skipping a layer of the stack is the single most common failure mode. [ENSI](#)
- 12 None of it is cultural or fixed by geography — every input in the stack is **buildable**. [AJR](#)

LAYER 1 · PRIORITIES 1-4

The State-Capacity Foundation

The engine of every growth miracle: the organizational ability to pick productive bets, finance them, discipline them against a test the state cannot fake, and exit the failures. Build this first — nothing above it works without it.

1

2

3

4

01 State capacity: a meritocratic, autonomous pilot-agency

#1

Rank — the most decisive, most overlooked driver

ENSI ranking

1961

Korea's Economic Planning Board founded — the archetype pilot-agency

World Bank

150^x

Singapore income rise under EDB-led strategy, 1965→2023

World Bank

IN SHORT

Before any policy, a growth state needs a small, elite, **autonomous** economic agency — staffed by merit, insulated from patronage, empowered to plan, coordinate and discipline. Korea's EPB, Singapore's EDB, Taiwan's technocracy, Japan's MITI: every miracle had one. It is the cockpit from which the rest of the stack is flown.

WHY IT RANKS HERE

First, because it is the precondition for everything else — and the thing the playbook never mentions. You can copy Korea's subsidies overnight; you cannot copy the honest bureaucracy that decided *which* bets to back and *when* to cut them. Reforms fail not because the policy was wrong but because no institution could execute it.

WHAT IT CONTRIBUTES TO SOCIETY

A capable state delivers the public goods markets won't — coordination, long-horizon finance, credible rules — without being captured. That is what turns growth into broad welfare rather than rents for the connected: schools that work, contracts that hold, a government citizens can trust.

“

The state was not a substitute for the market, nor merely its guardian; it was the organisation that built the market and disciplined it.

— AFTER WADE, *GOVERNING THE MARKET*;
WORLD BANK, *EAST ASIAN MIRACLE*

FIVE OPERATING PRINCIPLES

- 1 **Meritocratic entry, insulated tenure.** Recruit top graduates by exam; shield them from capture so decisions follow the strategy, not the donor.
- 2 **Embedded autonomy.** Close enough to business to know the real constraints; independent enough to say no.
- 3 **Concentrated authority.** One agency owns the growth plan and coordinates across ministries — not a committee that owns nothing.
- 4 **Monitoring with teeth.** Track bets against the external test; reallocate ruthlessly. Support is conditional, never permanent.
- 5 **Pilot, learn, scale.** Treat policy as experiment — run it in a zone, measure, scale what works.

SEVEN COUNTRY EXAMPLES

- ▶ **South Korea** — the Economic Planning Board (1961) fused planning, budget and foreign-capital approval in one elite body that drove the export push.
- ▶ **Singapore** — the EDB (1961) ran a one-stop investor strategy that built electronics and pharma from nothing.
- ▶ **Taiwan** — a technocratic council and ITRI spun up the SME and semiconductor ecosystem, incl. TSMC.
- ▶ **Japan** — MITI coordinated postwar upgrading and credit toward target sectors.
- ▶ **Ireland** — the IDA won and embedded the FDI that built the tech and pharma clusters.
- ▶ **Botswana** — a clean civil service and the Pula Fund turned diamond rents into invested growth.
- ▶ **Rwanda** — the RDB fused investment, registration and reform into one results-driven agency.