ECONOMIC GROWTH

Prof. Dr. VUSAL GASIMLI, Head of the Center for Analyses of Economic Reforms and Communication of Azerbaijan

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"WHY STATES HAVE DIFFERENT LEVELS OF INCOME?"

The GDP per capita of the richest Monaco and the poorest Burundi differs 711 times!

GDP per capita of Burundi $\times 2 \Rightarrow$ GDP per capita of Madagascar

GDP per capita of Madagascar $\times 2 \Rightarrow$ GDP per capita of Nepal

GDP per capita of Nepal $\times 2 \Rightarrow$ GDP per capita of Ghana

GDP per capita of Ghana $\times 2 \Rightarrow$ GDP per capita of Jordan

GDP per capita of Jordan $\times 2 \Rightarrow$ GDP per capita of Cuba

GDP per capita of Cuba $\times 2 \Rightarrow$ GDP per capita of Latvia

GDP per capita of Latvia $\times 2 \Rightarrow$ GDP per capita of Japan

GDP per capita of Japan $\times 2 \Rightarrow$ GDP per capita of Switzerland

GDP per capita of Switzerland $\times 2 \Rightarrow$ GDP per capita of Monaco
"HAPPY FAMILIES ARE ALL ALIKE; EVERY UNHAPPY FAMILY IS UNHAPPY IN ITS OWN WAY."

The first sentence of Leo Tolstoy's novel Anna Karenina
GROWTH DIAGNOSTICS

Possible causes

Low return to economic activity

Low social returns

Low appropriability

High cost of finance

Poor geography

Bad infrastructure

Government failures

Market failures

Bad international finance

Bad local finance

Low human capital

Micro risks: property rights, corruption, taxes

Macro risks: financial, monetary, fiscal instability

Information externalities: “self-discovery”

Coordination externalities

Low domestic saving

Poor intermediation
PDIA OR SLDA

Center for International Development
at Harvard University

Building State Capability

Problem Driven Iterative Adaptation

4 Principles of PDIA

No Pre-Packaged Solutions

Policy Technology Communication

Implementation Training Politics

Problem

Reconstruct Local Problem

Adapt Iteratively Step by Step

Identify Action Steps

Sustain Authority Legitimacy

Take Stock

The Team

What Have We Learned? What Are We Thinking? What Are We Doing?
AGILE APPROACH AND STRATEGIC MANAGEMENT

BEHAVIORAL ECONOMICS EMPHASIZES THE ROLE OF PSYCHOLOGY IN PEOPLE'S DECISION-MAKING AND ECONOMIC BEHAVIOR, AS WELL AS THE RELATIONSHIP BETWEEN RATIONAL, PERCEPTUAL, AND EMOTIONAL PROCESSES.
ECONOMIC COMPLEXITY OF PAKISTAN

**ECONOMIC STRUCTURE**

- **20**
  - Pakistan's complexity has worsened 20 positions in the past decade.

- **+ 21 NEW PRODUCTS**
  - 21 new products were added in the last 15 years.

**FUTURE DYNAMICS**

- **4.6%**
  - Pakistan is expected to grow 4.6% per year over the next 10 years.

**PATH TO DIVERSIFICATION**

- **PARSIMONIOUS INDUSTRIAL POLICY APPROACH**
  - Growth can be pursued by addressing bottlenecks then jumping short distances into related product.
CONCLUSION

- Governance level
- Solution of the problem
- Growth diagnostics

Solution of the problem

Governance level

Growth diagnostics
THANK YOU FOR YOUR ATTENTION!