

The Needs for Endogenous Development in the Era of Globalization: The Case of Thanh Hoa Province

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(Very Preliminary. Comments are Welcomed!)

In January 2007 Viet Nam became 150th member of WTO, so can she challenge well this big chance to change situation in the international stage? The mission to gain high growth in the big cities is very important, but the development in local areas is important too. It is the same as strengthening “the Olive Tree” before the threat of “the Lexus” (Friedman, 2000). Now, it is the time for Viet Nam to prepare for her post WTO era, in which strengthening local areas is highly required to gain sustainable development, to reduce inequality between urban and rural areas, and between economic sectors. It is essential to mobilize and utilize local potentials, local resources to gain sustainable development and strengthen Viet Nam in the post WTO era coming soon. These issues will be examined in this paper with different endogenous development theories. This paper firstly introduces theoretical framework, and then proposes the desired model in the way of endogenous development for Vietnamese local areas, in which Thanh Hoa province is an example.

Keywords: endogenous development, globalization, human factor, local economic development.

I. Introduction

In the era of globalization that strong competitiveness is highly required, to not to be lost much, Viet Nam have to strengthen her each local, to make it more effective and flexible from bottom up to gain sustainable development, too.

From the contents of Endogenous Development, it is necessary for Vietnam to find effective way for strengthening its economic abilities, build capacity for development, and become stronger and more competitive in this era. Due to the shortages and ineffective use of resources, such as finance, social capital, natural resources, and human resources constitute difficult challenges to local actors in improving their peoples' living standards and quality of life. Limited local resources and lack of knowledge in utilizing those are the major constraints of local development. With all problems that local areas are facing nowadays, it is essential to do research on how local actors can mobilize, utilize their local resources for development.

1. Background

Country: Vietnam is an agricultural country and her local areas are facing many problems such as shortage of finance, small market, un-skilled labor resources, and low productivity.

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Those are common characteristic of many developing countries.

Province: Thanh Hoa is a North Central Coast province, 110km far from the south of Hanoi capital, has a large population with 3.76 million people (2nd ranking of the whole country) has 7 ethnic: Kinh (Viet), Muong, Thai, H'mong, Hoa(Chinese), with area of 11,106 sq km. Labor force rate is 58.8% (27% skilled labor, 5.4% college, university graduate). Thanh Hoa province is very important place in history also in economic development of the North and the North Central Coast of the country. With a long history and its potentials in each areas, including coast area, flat area, and mountainous area, it is said to be a small Vietnam (Chu, 2003). Under French colonial period, every researcher must study about Thanh Hoa to understand more about Vietnam history and make an effective policy. Thanh Hoa is also the place that the remains of an ancient time found. With all the reasons and views, I chose Thanh Hoa province as my object to do field research on Endogenous Development.

Economic Overview: GDP growth average per year 9,1% (1996–2000: 7.3%); GDP per person 2005 year was 430 USD; agriculture, forestry and fishery growth rate was 4.4% (1996–2000: 3.7%); growth rate in industry and construction was 15.1% (1996–2000: 13.6%); growth rate in services was 8.1% (1996–2000: 7.2%); GDP 2005 composed of the agriculture-forestry and fishery sector (31.6%), the industry and construction sector (35.1%), and the services sector (33.3%). The household poverty rate was 10.56% (under old poverty line).

About this Study: The Vietnamese economy has been rapidly developing for a few decades. As we know, Vietnam today has more opportunities to develop because of joining the WTO on 11th January 2007. However, it is doubtful that the market-oriented economy in Vietnam is working effectively. There are some reports which indicate that the gap of development between rural and urban areas is getting wider and wider, as well as reporting many social and environmental problems threatening peoples' lives in rural areas. There are some rural areas rich in natural resources that are easily developed by foreign investors. On the other hand, there are other areas where their traditional patterns in producing agricultural products are still remaining. To observe in more detail those contrasts, for instance urban – rural development characteristics, I will do field research in Thanh Hoa province, Vietnam, where I conducted research for my MA studies.

More than that, I will also compare Vietnamese and Japanese local areas. These two countries, respectively, have their own regional, historical characteristics as well as problems to solve to obtain a better quality of life. Based upon the outcomes of my PhD dissertation research, practical and rational advices for Vietnam to make progress and enter effectively into the era of globalization would be provided.

Japan was seriously damaged by the Second World War but after that, Japan has managed to become the 2nd strongest developed country in the world. And currently, they are reforming their huge government system into a smaller one more suitable to the requirements of society and the economy. In contrast to the case of Japan, Vietnam won the war against the coalition led by the US in 1975, but has since fallen into the bottom group of the poorest countries in the world. What can we learn from Japanese lessons after the 2nd World War? What should we adapt from her successes for the development of Vietnam?

To become a stronger nation, Vietnam must have more independent and liberal regions in the future. Under the umbrella of international organizations such as ASEAN, APEC as well as the WTO, how can Vietnam strengthen her power? It is extremely important for her to learn about and draw useful lessons from the successes and failures of various developed countries such as Japan.

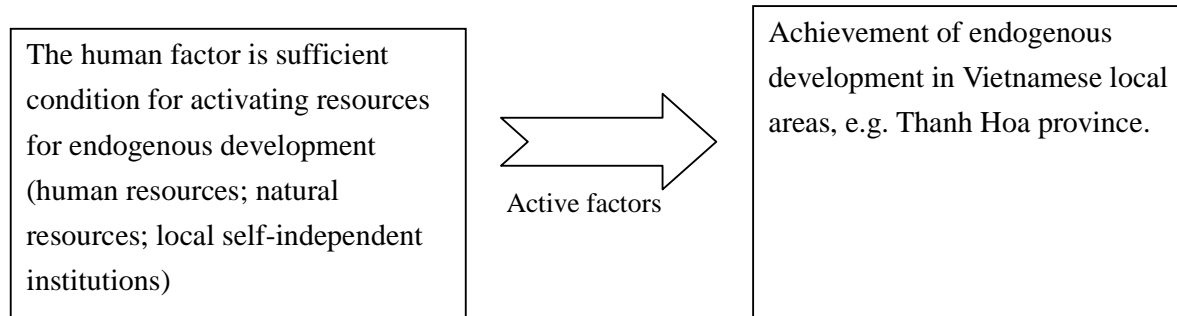
Both developed and developing countries have their differences in political, social and cultural systems, but we can still compare and analyze them to learn and find how local government can activate their potential like human resources, natural resources, and local

self-independent institutions. With such academic studies, I believe that we can find constructive opinions and solutions by adapting the analytical framework and theory of endogenous development. Regional activation could also be an essential and useful approach for Vietnamese local areas for sustainable development in the coming years.

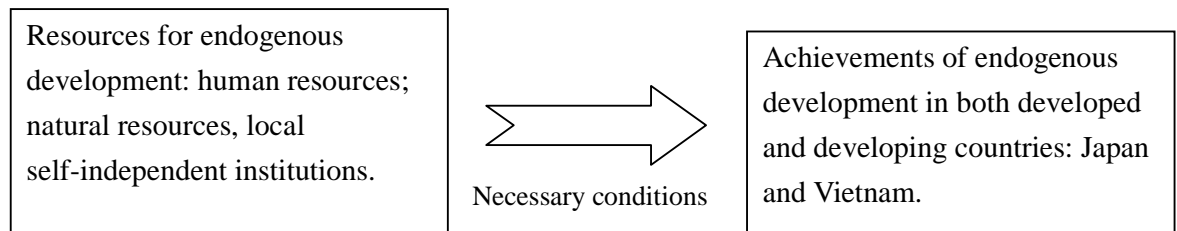
2. Hypotheses and Research Questions

2.1. Hypotheses

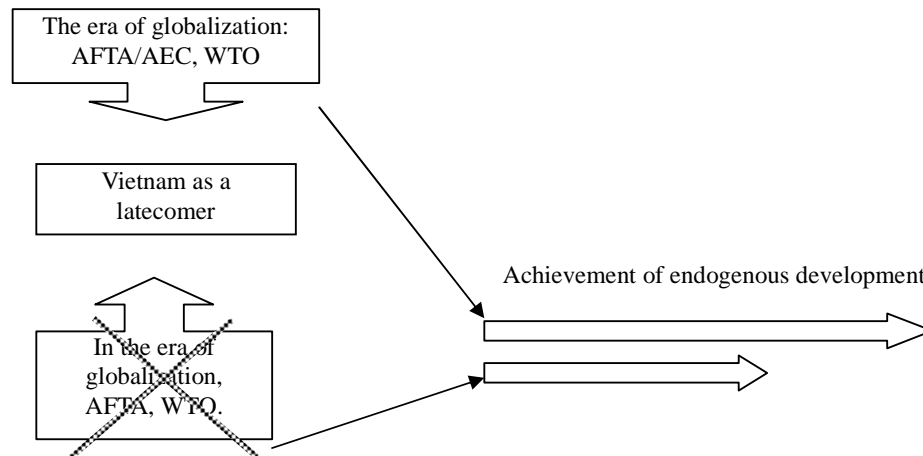
Hypothesis 1: The human factor is sufficient conditions for Vietnamese local actors to achieve endogenous development through activating its resources for example, human resources, natural resources, and local self-independent institutions.



Hypothesis 2: Vietnam and Japan have many differences in political, social and cultural system, but main resources, for example, human resource, natural resource; local self-independent institutions are common as well as necessary conditions for both countries.



Hypothesis 3: In the era of globalization, AFTA/AEC, WTO, create more advantages and favorable conditions for latecomers (economical aspect), such as Vietnam, to achieve effectively endogenous development.



2.2. Research Questions

Question 1: What kind of human factor for sufficient conditions in which resources for endogenous development, for example, human resources, natural resources, local self-independent institutions are activated by Vietnamese local actors to achieve endogenous development.

Question 2: Are human resources, natural resources, local self-independent institutions necessary conditions for developed and developing countries' local areas achieve Endogenous Development?

Question 3: How can globalization support and also create advantageous conditions for local actors to achieve endogenous development? (i) Of the economic system? (ii) Of the social system? and/or (iii) Of the cultural system?

Other questions regarding endogenous development, including (i) How does endogenous development work in regional development? (ii) How did Japanese local government (in remote mountainous areas and small islands) achieve in developing themselves and to reduce influences from central government in Showa period, and currently in the era of an aging population? (iii) How to activate the regional resources in Thanh Hoa province, (iv) How can rural areas realize their potential through endogenous development? and (v) What are the relations between endogenous development and globalization?

3. Definitions used in this Study

Globalization is a process characterized by increasing internationalization of the production of goods and services and international trade and particularly by growing interdependence of financial markets (Va'zquez-Barquero, 2002).

Endogenous development is a process of economic growth and structural change, which is led by the local community and employs its potential for development to improve the local population's standard of living. According to Arocena (1995), endogenous development is a process in which social aspects are integrated into economic aspects. Public and private actors make investment decisions aimed not only at increasing firms' productivity and competitiveness, but also at solving problems and improving the well-being of local society (Va'zquez-Barquero, 2002: 24).

Human factor refers to a spectrum of personality characteristics and other dimension of human performance that enables social, economic and political institutions can function and remain functional, overtime. Such dimensions sustain the workings and application of the rule of law, political harmony, a disciplined labor force, just legal systems, respect for human dignity and the sanctity of life, social welfare and so on. (Adjibolosoo, 1994a, p.26)

Local economic development (LED) offers local government and its community the opportunity to improve their economy through a communal work with the private sector and other sectors. It focuses on enhancing competitiveness and thus increasing growth. LED conveys many local government functions including planning, infrastructure development, real estate and finance. LED is about local people upgrading communities to improve their living standards and retain jobs. (International Relief and development)

II. Literature Review

1. Dag Hammarskjold Foundation

In 1977, Dag Hammarskjold Foundation published "Another development, approaches and Strategies". According to them, development has 5 characteristics as follows:

(1) Need-oriented, that is being geared to meeting human needs, both material and

non-material.

(2) Endogenous, that is, stemming from the heart of each society, which defines in sovereignty its values and the vision of its future.

(3) Self-reliant, that is, implying that each society relies primarily on its own strength and resources in terms of its members' energies and its natural and cultural environment.

(4) Ecologically- sound, that is utilizing rationally the resources of the biosphere in full awareness of the potential of local ecosystems as well as the global and local outer limits imposed on the present and future generations.

(5) Based on structural transformations, required, more often than not, in social relations, in economic activities and in their spatial distribution, as well as in the power-structure.

2. The key of endogenous development utilized by Venezuela government

- To recognize particular regional and national features and promote the development of those strengths.
- To drive a transformation of natural resource use, constructing chains of production that link production, distribution, and consumption.
- Efficient use of infrastructure.
- To incorporate excluded populations.
- To adopt a new lifestyle with a new model for consumption.
- To develop new forms of organization those are productive not only economically but also socially.
- To construct productive networks those vary in size and technological structure, such as micro businesses and co-operatives.

In brief, endogenous development seeks to provide a socio-economic climate that:

- Is self-sustaining (and sustainable).
- Uses national products (regional and local) as much as possible.
- Generates dignified local employment.
- Respects the local environment.
- Achieves profits.
- Reinvests surpluses rather than removing them from the system.
- Provides a system of collective ownership of the means of production, and incorporates excluded populations.
- Makes full use of infrastructure and local resources.
- Creates solidarity with the environment, social responsibility (non- mercantilist criteria), and participation.
- Has an efficient and just social comptroller.
- Promotes spirituality (not "fundamentalism," but rather emphasis on morality, ethics, and personal development).
- Is humanistic (the human being is central, after God).

- Promotes our uniqueness, our culture.
- Promotes our style of life and of consumption.
- Constructs productive networks of varied sizes and technological structures, such as micro businesses and co-operatives.
- Appropriates technology as needed.

3. Japanese Scholars

Human being development

Nishikawa Jun: (1) Endogenous development that necessary to change economics paradigm, is assumed to be the ultimate purpose of human being capacities and replacement of homo economics. (2) Denial the development based heteronymous, dominant from outsider, building societies for all freedom human beings. (3) Endogenous development model has relations with participatory, cooperation and self-management. (4)Endogenous development has characteristics of self-organization and steady performance, emphasizes on ecology and autonomous.

These thinking linked with the HDR in UNDP 1990 that expanding capacities, accessing rights, and human development from the economic growth.

Social and folklore studies

Middle of 1970s, Tsurumi started research on Japanese folklore through comparative studies between American sociologist Tarcot Passons and Yanagita Kunio. She is the first Japanese scholar on endogenous development. In 1976, after 5 years doing survey on Minamata, she built her own endogenous development theory. “Endogenous development is the process that ability of each individual, each organization in each area is activated aggressively, sufficiently to reach to the purposes of the mankind’s common goals. In Tsurumi’s theory, there are practical key-person and idea key-person who take the important role in local development movement.

4. European Scholars

Local economic development

Based upon the work of Antonio Va’zquez-Barquero, the concept of endogenous development is linked to endogenous industrialization processes, that is, to the economic dynamics of cities and regions.

The first approach, founded on industrial organization theory (Becatini, 1979 and 1987; Brusco, 1982; Campi, 1992 and 1993; Piore and Sabel, 1984; Porter, 1990) analyses the theoretical and empirical aspects and effects of the organization of production (Va’zquez-Barquero, 2002: 39-40).

The second approach is from the point of view of conventional development theory (Fua, 1983 and 1988; Va’zquez-Barquero, 1983 and 1995; Garofoli, 1983 and 1992; Coffey & Polese, 1984 and 1985; Arocena, 1986 and 1995) examines the mechanisms that drive local economic growth (Va’zquez-Barquero, 2002: 39-40).

Main propositions of local economic development as below are rooted in the main paradigms of economic development theory. Thus various rationales and views of development converge in the theory of endogenous development (Va’zquez-Barquero, 2002: 41-52).

(1) The high theory of development and increasing returns

Endogenous development processes take place as a result of the use of externalities in local productive systems, which is conducive to increasing returns and economic growth.

(This proposition is not among the assumptions of neoclassical growth theory of the 1950s

and 1960s, but it has recently been restored following Romer's (1986) seminal studies

(2) *The theory of transitional growth and capital accumulation*

Endogenous development involves processes of capital accumulation that come about as a result of the pull of resources from mature to more modern activities and the use of surplus generated in the productive process.

This proposition has its origins in classical thought, which transitional growth theory appropriates as its own with Lewis (1954, 1958) and Fei and Ranis (1961, 1974).

(3) *Dependency theory and local control of development*

Endogenous development is characterized by the use of existing development potential through the initiative and, in any case, under the control of local actors.

This position is also shared by the high theory of development and transitional growth theory, particularly in closed models. Dependency theory rejects it in regard to local control of development processes.

(4) *Territorial development theory and local initiatives*

Endogenous development refers to economic and social transformation generated as a result of the response of cities and regions to the challenges of competition, in which local actors take up strategies and initiatives aimed at improving the well-being of local society.

This proposition revolves around a central idea in endogenous development policy: the dynamic and transformation of local economies are necessarily anchored in the forces for change within the local community.

Table 1: Theoretical roots of endogenous development

<i>Endogenous development characteristics</i>	<i>The high theory of development</i>	<i>Dualistic growth theory</i>	<i>Dependence theory</i>	<i>Territorial development theory</i>
Development potential				
-Resources	X	X	X	X
-Indivisibilities	X	--	--	--
Capital accumulation				
-Application of surplus	X	X	X	--
-Innovation	X	X	X	--
-Flexible labor market	--	X	X	X
External economies of scale				
-Organization of production	X	--	--	--
-Networking	--	--	--	--
-Urban relations	--	--	X	--
Institutional context				
-Institutional flexibility	--	X	X	--
-Organization of society	--	X	X	--
Local action				
-Local initiatives	--	--	--	X

-Local control of development	--	--	--	X
X = Convergence between the main development paradigms and the endogenous development theory				

Works on developing countries in Asia and Latin America

Local initiatives are very diverse in nature (Vázquez-Barquero, 2005). The basic characteristic of the new development policy is that an important part of the local initiatives are designed to spur on the forces and mechanisms that are decisive factors in the capital accumulation process. One of the objectives of local initiatives is the start-up and development of firms and the formation of firm networks. In Rafaela, Argentina, an industrial district under productive restructuring (Ferraro and Costamagna, 2000), the Centre for Entrepreneurial Development was created in 1996, financed by the Inter-American Development Bank (IDB) as well as by local firms and the municipality. The Centre gives technical and financial assistance to local and regional firms, which will allow them to improve their production, have a greater presence in the markets, and increase the internationalization of small firms.

On the other hand, in the Sierra de los Cuchumatanes, in Guatemala, on the border with Chiapas (Cifuentes, 2000) during the nineties, cooperatives and associations were recovered and began to acquire full legal capacity (Formal Organization of Agricultural Producers). These organizations also recuperate the experience and knowledge of self management that exists within the local population, and was lost during the civil war. Moreover, more informally structured organizations, or Interest Groups were encouraged, and this brought people with common productive and commercial interests together.

As indicated by Scott (2005), the improvement of the cooperative base of the shoe production cluster in Marikina (Philippines) is one of the objectives of the group of shoe manufacturers. The Marikina Footwear and Leather Goods Manufacturers Cooperative, for example, provide financial services to members of the cooperative; among which stand out “the right to take out loans, to purchase raw materials at a reduced price, and to discount letters of credit”. The cooperative has a footwear brand (B&G) that the members may use when manufacturing their shoes. The cooperative provides distribution and marketing services to its members.

The government of Penang, in Malaysia, created the Penang Development Center (PDC), whose main objective was to promote socioeconomic development, including the attraction of export oriented MNCs. The PDC played an important role in the creation of the electronic cluster in Penang with an important presence of multinational corporations (Clarion and National Semiconductors, Intel, Motorola, Hewlett-Packard, AMD, Hitachi), located during the seventies; and consumer electronic firms (such as Sony, Toshiba, Pensangko, Komag, Seagate and others) located during the eighties and nineties. PDC helped stimulate the formation of firm networks, and differentiate and diversify the productive fabric, particularly after the late eighties. A productive fabric has been created in which the domestic SMEs have established ties among themselves and with the MNCs. Yet, the lack of coordination on behalf of the government of Penang with the Federal Government of Malaysia restricted the development of local initiatives in order to upgrade human resources and diffuse innovation within the local productive fabric (Rasiah, 2005).

Finally, over the last decade in Latin America, Asia and Africa, various forms of micro-credit and financial support to micro-firms and small businesses have appeared (Lacalle, 2002; Armendáriz and Murdoch, 2001). The Grameen Bank, created in 1974, is a story of success. In 1999 it had over 2,300 thousand clients (95% women) and a volume of loans of over 2,715 million dollars and it is estimated helped twelve million people in Bangladesh. In turn, International Action, founded in 1961, has a network of 19 credit offices in Latin America, with over 380 thousand clients (57% women) and with over 335 million dollars in loans.

There are many experiences in fulfilling the local firms' needs and demands for services in Latin America (Muñoz, 2000; Londoño, 2000). In 1992, the Municipal House of the Small Businessman (Casa Municipal del Pequeño Empresario) in the town of Rancagua in Chile was established to promote qualification in business management and render technical and financial assistance to micro-firms and small businesses. The Program for the Support of Small and Medium-size Firms (Programa de Apoyo a la Pequeña y Mediana Empresa) in Antioquía, Colombia, aims to provide small textile and clothing industry entrepreneurs with knowledge of textile materials and design and provide technical consulting and export assistance through a strategic alliance with the Export and Fashion Institute. In Porto Alegre, the prefecture, in collaboration with private economic and social actors founded the community credit institution PORTOSOL, a non-profit company with two main principles, which are the combination of real guarantees and solidarity bonds, and the provision of services to small businessmen.

The development of a locality or territory is organized by the decisions of the public and private agents. Frequently, as occurred in Bogotá, in Rosario or in Quezaltenango, in the early stages of the local development policy, local leaders stimulate the implementation of local initiatives, but they should count on explicit or tacit support from other local actors as well.

In Latin America, as in Asia, endogenous development policy is also based on initiatives where social and economic projects are coordinated through new forms of governance such as partnerships among public and private actors, international agencies, or non-governmental organizations.

From another point of view, the new development policy is based on a new form of regulation and relations between the economic, social and political actors. It is a new form of governance that designs and carries out policies based on the negotiation and specific agreements between the public and private actors, non governmental organizations and international agencies. The implementation of the actions is made through specific intermediary agencies promoted and managed by the local actors. Lastly, partnership and networks among firms and organizations are the most common forms of cooperation: partnership leads the transactions based on formal agreements among local actors; networking is less extended at this time.

What lessons can be learned from the results obtained with this type of policies? Which are the factors, if any, that condition the final results? Why do some instruments work and others don't? Why have some of the territories better results than others? It is difficult to answer this type of questions with a limited knowledge of the evolution of the endogenous development policies and their instruments, the result of occasional studies or specific technical visits. Nevertheless, there is an issue that affects the success of the policies and the results of the instruments used in a remarkable way; and that is that the actions and initiatives should obey a specific strategy and development policy in each city or region that defines the main objectives and actions to be accomplished, because economic development is a result of the interaction of the economic forces. When this is not the case, it is only by chance that the results can meet expectations.

The success of the policy depends, therefore, on the adaptation of the actions to the economic and social conditions of each locality or territory. Endogenous development policies take on different shapes in the old industrialized regions, such as the Grand ABC in Sao Paulo, Brazil, that is now experiencing strong industrial restructuring processes; in endogenous industrialization areas, such as Rafaela in Argentina, the State of Santa Catarina in Brazil or Marikina in the Philippines, where production service activities are more and more developed; or in rural areas with development potential, such as the region of the Sierra de los Cuchumatanes in Guatemala, where they are in the first stages of the industrial development process.

Last of all, the State's central administration has an important role to play in the application of the endogenous development policy, both on the technical as well as on the financial level. Although endogenous development policy cannot be understood as a State policy, given that it

has appeared spontaneously as an answer on behalf of the municipalities and regions to the productive adjustment problems and to social exclusion, good practice again recommends that the central administrations should take it on as its own, since it is in line with its objectives of growth, increased productivity and productive adjustment. This could be put forward as an action, as done by international organizations, financing the endogenous development actions and tools, and specifying the requirements for local initiatives in order to be eligible for State financing.

Explanation about the roots of endogenous development

A new scenario for development begins with the new phase of economic integration during the late 1980s; when the growth models inspired by the fundamentalism of capital are no longer useful. This is so, not only because the breakdown of the Soviet Union and the fall of the Berlin wall proved the superiority of the market economy over a planned economy, but also because the policies carried out in many developing countries and implemented by international aid programs from the developed countries and international organizations failed, as Easterly (2001) points out. Since the eighties, Schumpeter's ideas (1934, 1939) as well as those of others who contributed in the post-war years to what Krugman called "The Great Development Theory" return. Among the different approaches that have emerged during the last twenty years is the reintroduction of Solow's growth model on behalf of the new generation of growth theorists like Romer (1986) and Lucas (1988). At the same time, as pointed out by Garofoli (1991, 1992), since the early eighties, a new approach appears, that can be called endogenous development. It considers development as a territorial process (not a functional process) that is methodologically based on case studies (not on cross-section analysis) and that considers that development policies are more efficient when carried out by local actors (not by the central administrations). Giorgio Fua (1994), intellectually linked to Abramovitz, maintains that the development capacity of an economy depends on the immediate sources of growth, such as the size of the working population, the number of hours worked and the availability of equipment goods and social capital. What is really decisive for sustainable development are the factors that Fua defined as structural, such as entrepreneurial and organizational capability, labour training and skills, environmental resources and the functioning of institutions.

Philippe Aydalot (1985), a follower of Perroux and Schumpeter, adds that the development processes have three main characteristics: First, he refers to the fact that the development actors must be flexible productive organizations, as occurs with the small and medium size firms, capable of overcoming the rigidity of large Fordist organizations. In this way, the economies would obtain better results, particularly in times of rapid change in both the milieu and the market. Second, and more strategic, he defends diversity in techniques, in products, in tastes, in culture and in policies, which facilitates opening up various development paths for the different territories according to their own potential. Third and last, and more instrumental, he states that development processes are the result of having introduced innovations and knowledge through the investments made by the economic actors. This is a process that is territorial in nature given that it is a result of the forces that shape the milieu in which the firms are inserted; in other words, thanks to the interaction of the actors that shape what Aydalot calls innovative milieu.

This approach shows that development does not necessarily have to be focused in large cities, but rather is diffused in urban centres of different size, as explained by Giacomo Becattini (1979), a specialist on Marshall. The entrepreneur (both individual and collective), plays an outstanding role in industrial development and becomes the motor force of growth and structural change due to his creative capacity and innovative nature (Fua, 1983). Fua and Becattini add, however, that the firms are not isolated entities exchanging products and services in abstract markets, but are located in specific territories and are part of the productive systems, and are strongly integrated within the local society. In other words, society organizes itself for the purpose of producing goods and services more efficiently that give way to industrial districts and clusters of small and medium size firms that bring out network economies within

the territory.

John Friedman and Walter Stöhr open up this approach and look at development policy from a territorial perspective. They give great importance to the local actors' initiatives through their investment decisions and participation in the definition and implementation of policies (Friedman and Weaver, 1979). They also point out that the economic progress of a territory is only possible when the firms and actors within the territory interact, organize themselves and invest with the view of developing the local economy and society. Following this line of thought, they put forward “bottom-up” development strategies that allow mobilize and channel resources and development potential within the territory (Stöhr and Taylor, 1981).

The endogenous development approach is, therefore, characterized by specific features (Vázquez-Barquero, 2005). First of all, endogenous development refers to the capital accumulation process of specific localities and territories. It deals with development processes based on local savings and investment, although private and public resources can be driven from other places and localities; it pays attention to the territory's capacity for the diffusion of innovation throughout the local productive system and the role played by the local innovation system. It argues that the efficient use of the territory's development potential is conditioned by the functioning of institutions. Endogenous development, therefore, is a territorial approach to economic growth and structural change, based on the hypothesis that the territory can be understood as the territorial community's network of interests and, therefore, can be perceived as an actor for local development (Massey, 1984).

As argued elsewhere (Vázquez-Barquero, 2002, 2005), the endogenous development approach is a useful interpretation for understanding long term economic growth and the behavior of productivity. It argues that economic development comes about as a result of the economic forces not explicitly included in the production function (flexible organization of production, diffusion of innovation, the territory's urban development and the change and adaptation of the institutions) that generate capital accumulation and increasing returns.

Cities are a place for endogenous development. They generate externalities that lead to increasing returns, they have a diversified productive system that drives the economic dynamic, they provide space for networking, in which relations among actors leads to the diffusion of knowledge and they stimulate the innovation and learning processes of firms (Quigley, 1998; Glaeser, 1998). Cities are places for the creation and development of new industrial and service spaces due to their capacity to generate externalities and allow hidden economies to emerge (Scott, 1988; Hall, 1993).

Last of all, development processes are not isolated and have deep institutional and cultural roots (Lewis, 1955; North, 1990 and 1994). The development of an economy is always led by the local actors who organize themselves in order to carry out their projects. Thus, cities and regions stimulate the development of specific forms of organizations and institutions that respond to the needs of the economic and social actors, and which will either facilitate economic activity or obstruct it.

5. Others scholars

Table 2: Summary the roots of endogenous development theory by Authors and organizations

<i>Author</i>	<i>Key points</i>	<i>Materials /Evidence</i>	<i>Argument</i>	<i>Framework</i>	<i>Period</i>
UNESCO	Education	Developing countries education and indigenous culture			1980s

Miyamoto Kenichi	Welfare, culture and development	Development of Kanazawa city, preserve the environment and landscapes	Integrate welfare with culture and to establish the human rights of the residents	Centralized exogenous development & decentralization of endogenous development in the defective market and defective governance and sustainable society.	1980s~
Hobo Takehiko	Local finance, rural-urban relation	Problems of Japanese mountainous areas	Requirement of self-efforts, utilize the powers of urban, and necessary of providing sufficient funds from national government for local areas.	Local- Urban development, sustainable development under depopulation and urban-industrialization.	1980s~
Nishikawa Yoshiaki	Regional culture development	Several JICA's development projects	Needs of information management, traditional techniques and culture.	Information management and utilized regional resources in framework of market economy	1990s~
Van Der Ploeg	Endogenous rural development				1990s~

Source: Author compiled from Atsushi, Tadasu, and Yoshiaki (2007) Citizens participatory of Community building- Community independence and sustainability”, Soseisha p219 and other references.

III. Methodology

I intend to use an interdisciplinary approach, drawing on history, socio-economy, development economics, and philosophy to analysis the way to achieve endogenous development and to develop a more in-depth understanding of its meaning. Find the rational way for local areas to utilize their resources effectively and improve their peoples’ standard of living. Find the way for local actors to utilize theirs wisdom and activate local resources for development.

Primary data and secondary data analysis, open-ended interviews, observation and cross-cultural survey (comparative studies) will be used. Conducting field research both in Vietnam and Japan, and interviewing officials and people involved, in more detail to test the three hypotheses mentioned above.

- (1) Through fieldwork in Thanh Hoa province, to find out and recognize main resources of sufficient conditions for Vietnamese local government, researching and interviewing about human resources, natural resources, and local self-independent institutions. I will as well use statistical analysis, such as factor analysis and the INDSCAL model will be useful.
- (2) To find out and recognize, in the same way, human resource, natural resource, local self-independent institutions are the main resources of necessary conditions for Vietnamese local government, historical studies of Japanese local government, Nagano and Nagasaki prefectures, and comparative studies with the case of Thanh Hoa province will be done. And also, to confirm statistically, some statistical test, like

test of goodness of fit and contingency tables are useful.

- (3) To prove whether the era of globalization, AFTA/AEC, WTO, creates more advantages and favorable conditions for latecomers, like Vietnam, to achieve effectively endogenous development, first we need to recognize and numerate the influence of “trade merit” in local areas. Next, these trading and investment factors play positive roles in endogenous development will be checked. Now, to check this type of causal analysis, regression methods such as probit, logit, and other qualitative analysis are promising.

IV. Desired Model

PPP: public-private partnership, government-firms-community to promote local economic development.

(This model will be presented on the workshop day).

V. Remarks

The central flaw in social democratic proposals for endogenous development is that they break neither ideologically nor politically with dependence upon capital. If a model of endogenous development is to be successful, it must base itself upon a theory that places the goal of human development first. More than the consumption stressed by neoclassical and Keynesians alike, it must focus on investment in and development of human capacities. This means not only the investments in human beings that come from the direction of expenditures and human activity to the critical areas of education and health but also from the real development of human potential which occurs as the result of human activity. This is the essence of the revolutionary practice that Marx described the simultaneous changing of circumstances and human activity or self-change. In contrast to a populism that merely promises new consumption, this alternative model focuses upon new production—the transformation of people through their own activity, the building of human capacities (Lebowitz, 2004).

A development theory that begins from the recognition of human beings as productive forces points in quite a different direction than that of the economics of capital. Where are the measures in traditional theory for the self-confidence that arises in people through the conscious development of cooperation and democratic problem-solving in communities and workplaces? Where is the focus upon the potential efficiency gains of unleashing these human productive forces, whose creativity and tacit knowledge cannot be produced by directives from capital? By stimulating the solidarity that comes from an emphasis upon the interests of the community rather than self-interest, a model based upon this radical supply-side theory rooted in human development will allow a government to move further with the support of the community. Within such a framework, the growth of non-capitalist sectors oriented to meeting people’s needs is not merely a defense against a capital strike; rather, it emerges as an organic development. Here, human needs and capacities, rather than the needs of capital, become the engine that drives the economy.

Endogenous development is possible-but only if a government is prepared to break ideologically and politically with capital, only if it is prepared to make social movements actors in the realization of an economic theory based upon the concept of human capacities. In the absence of such a rupture, economically, the government will constantly find it necessary to stress the importance of providing incentives to private capital; and, politically, its central fear will be that of the “capital strike.” The policies of such a government inevitably will disappoint and demobilize all those looking for an alternative to neo-liberalism; and, its immediate product will be the conclusion that there is no alternative (Lebowitz, 2004).

All mentioned above show the situation in developing countries nowadays, especially transformation countries like Viet Nam. To achieve endogenous development, absolutely true that investment in human factors, mobilizing and utilizing local resources, build a strong social capital, etc. are necessary conditions and sufficient conditions.

This paper has the purpose of general introduction of Endogenous Development theory and its roots of Japanese, Latin American and European scholars, author wants to refer all these sources to build own model for local economic development in Thanh Hoa province. Theory and the way to approach will be continued studying in Ph.D. course to find the effective way for Endogenous Development in Thanh Hoa province.

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