

# **The Needs for Endogenous Development in the Era of Globalization: The case of Thanh Hoa province**

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## Purpose of the presentation

To introduce theoretical framework and the desired model for Vietnamese local area— Thanh Hoa province in the way of Endogenous Development.

# Outline

- ◆ I. Introduction
- ◆ II. Literature review
- ◆ III. Methodology
- ◆ IV. Desired model

# I. Introduction

- ◆ 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.
- ◆ Strengthen each local to have higher competitiveness and sustainable development => change Viet Nam 's international position.

# 1. Background

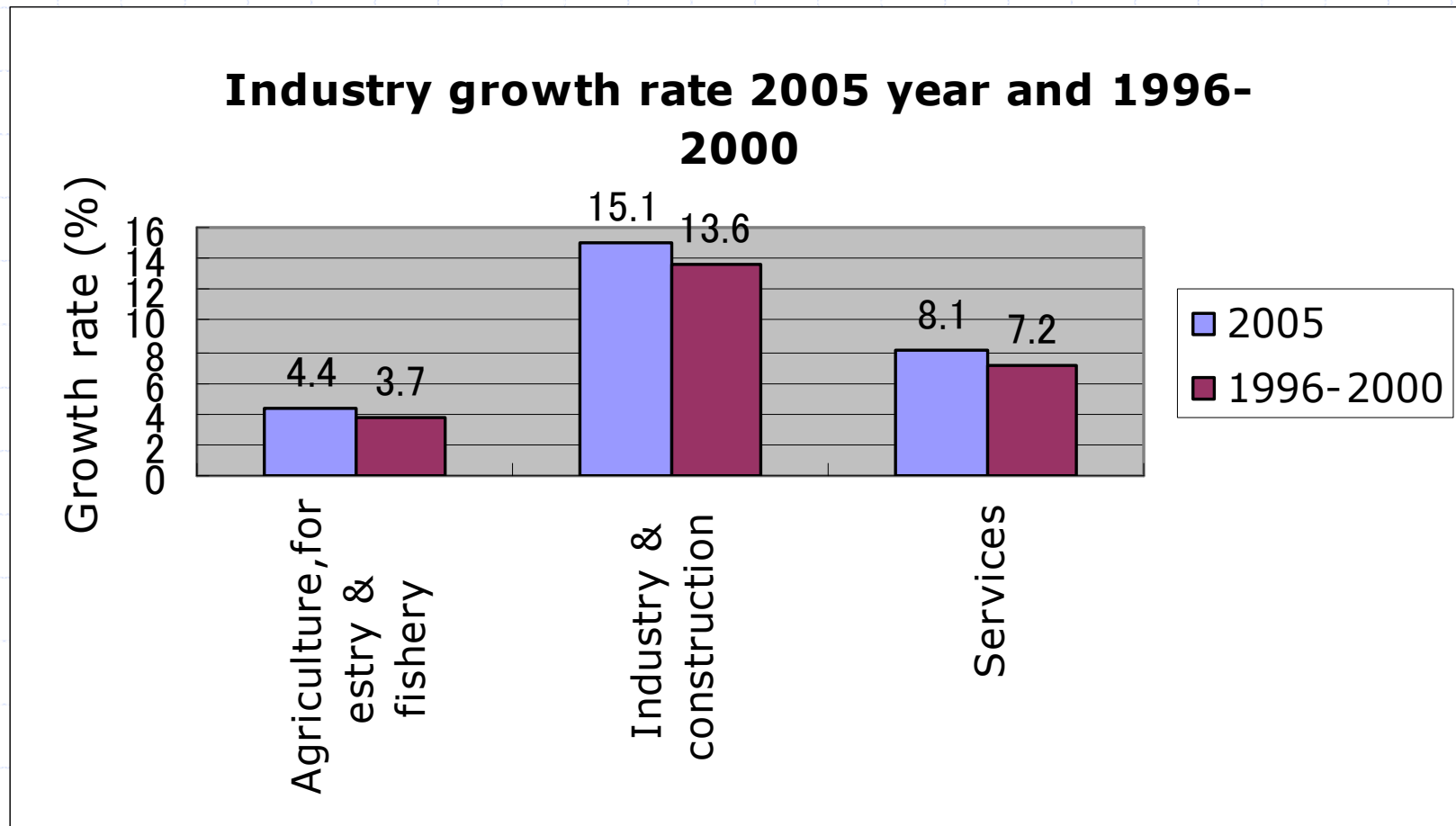
- ◆ Vietnam is an agricultural country local areas are facing many problems such as shortage of finance, small market, un-skilled labor resources, and low productivity
- ◆ Thanh Hoa is North Central Coast province, 110km far from the south of Ha Noi, 3.76million people, 7 ethic (Kinh, Muong, Thai, H'mong, Hoa), labor force rate: 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.

## Thanh Hoa economic overview

- ◆ Economic overview: GDP per person 430USD (2005 year), GDP growth average per year 9.1%(1996-2000: 7.3%), household poverty rate is 10.56% (2001-2005 poverty line)

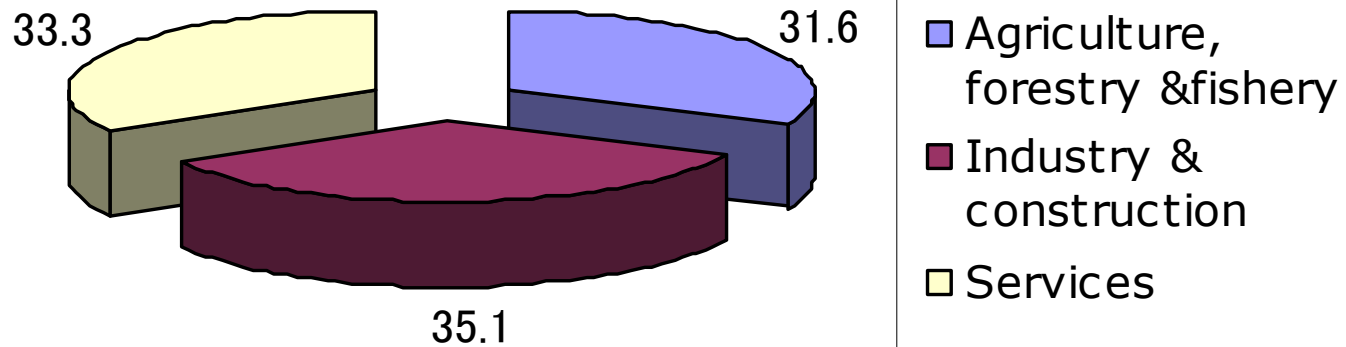
Areas	2001-2005 (VND)	2005-2010 (VND)
Rural, remote & coast	80,000	180,000
Plain	100,000	200,000
Urban	150,000	250,000

Cont.



Cont.

### Industrial propotion in GDP 2005 (%)





# Background of study

- (1) Introduce survey and some findings in Master study
- (2) The reason for study Endogenous Development

## 2. Hypotheses and research questions

### ◆ 2.1 Hypotheses

(1)

The human factor is sufficient condition for activating resources for endogenous development

Active factors

Achievement of endogenous development in Vietnamese local areas.

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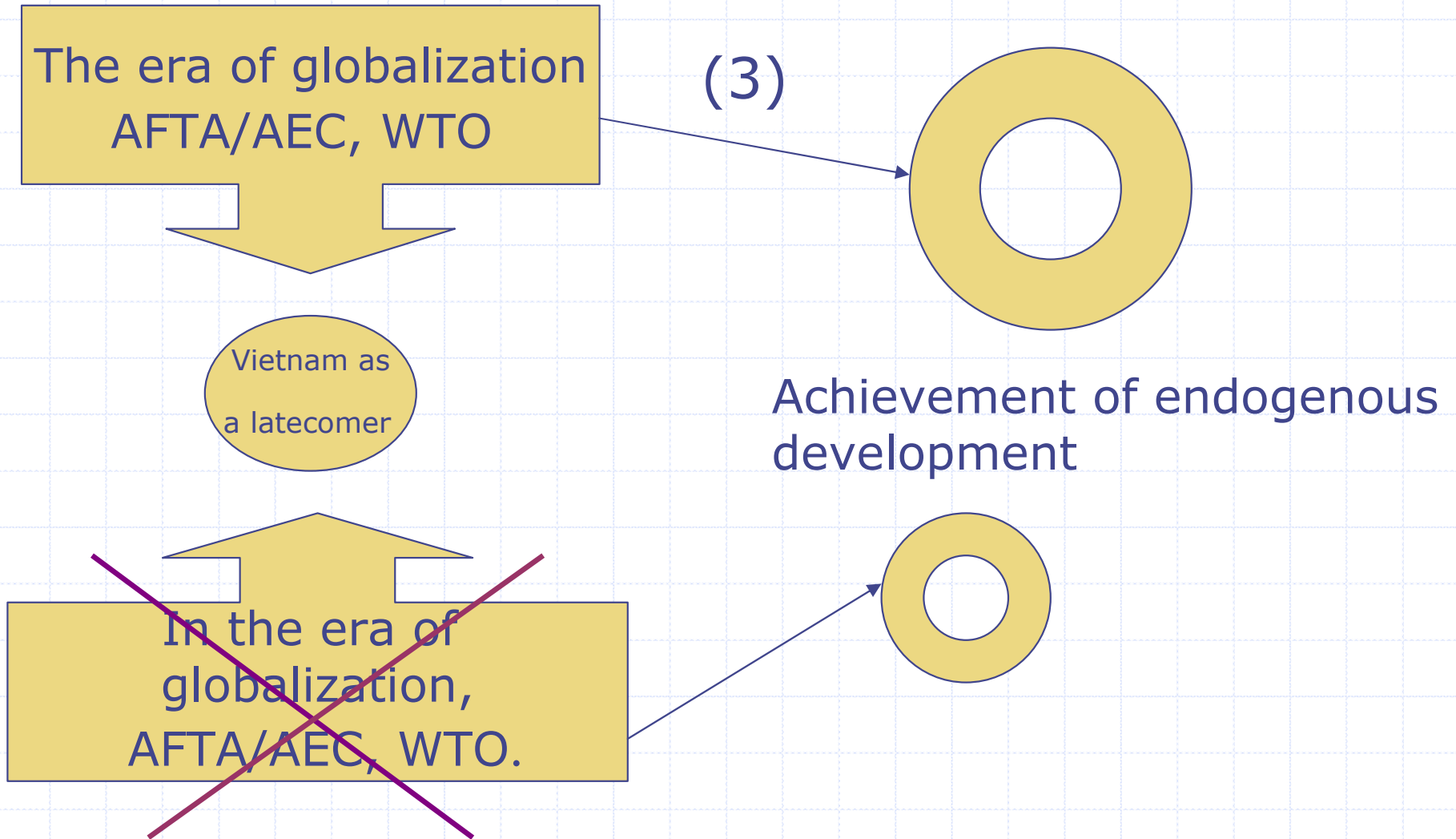
(2)

Resources for endogenous development: human resources; natural resources, local self-independent institutions.

Necessary conditions

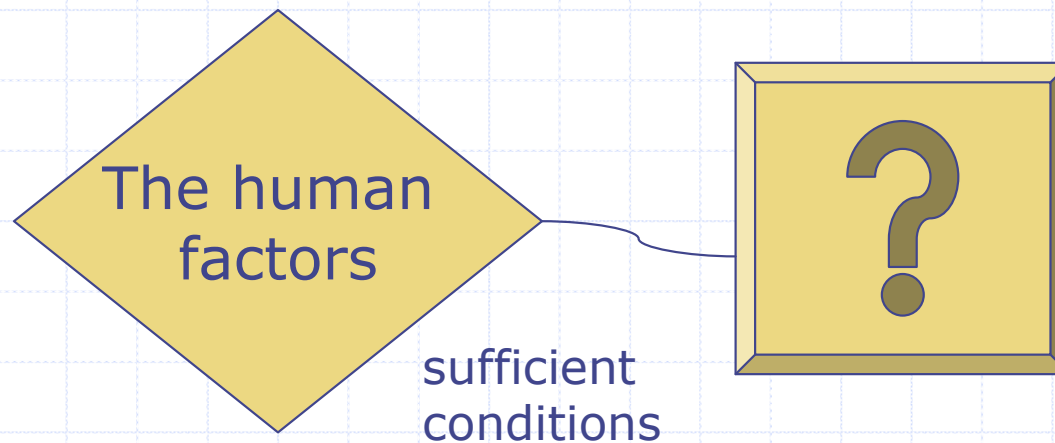
Achievements of endogenous development in both developed and developing countries: Japan and Vietnam.

# Cont.



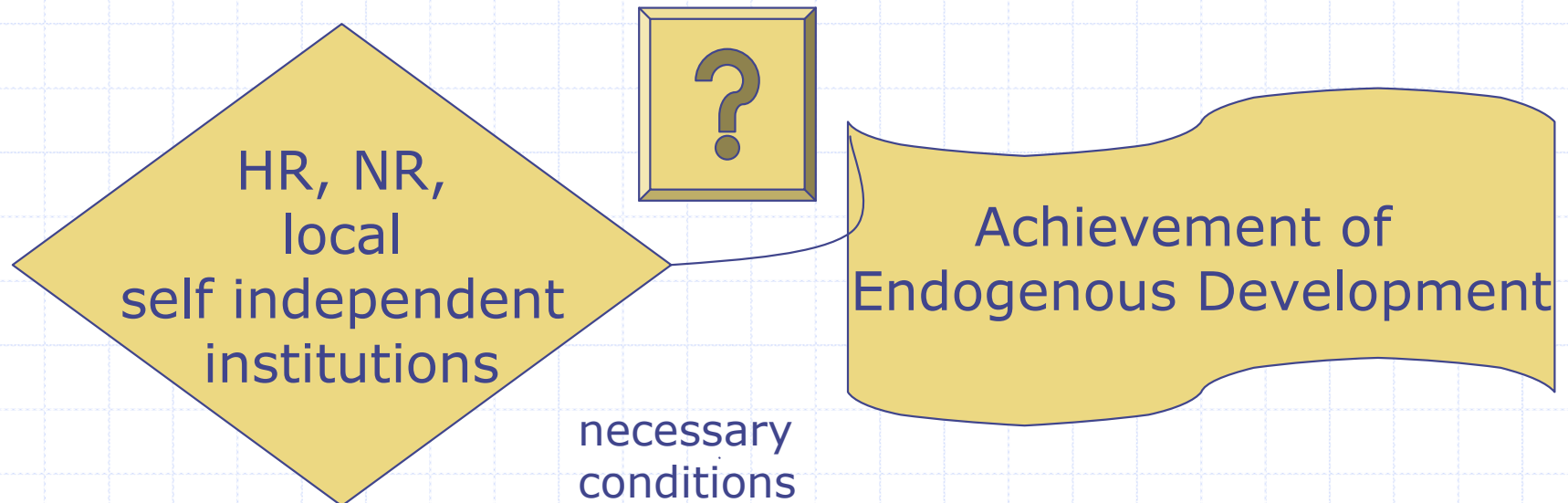
## 2.2 Research questions

- ◆ Question 1: What kind of the 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?



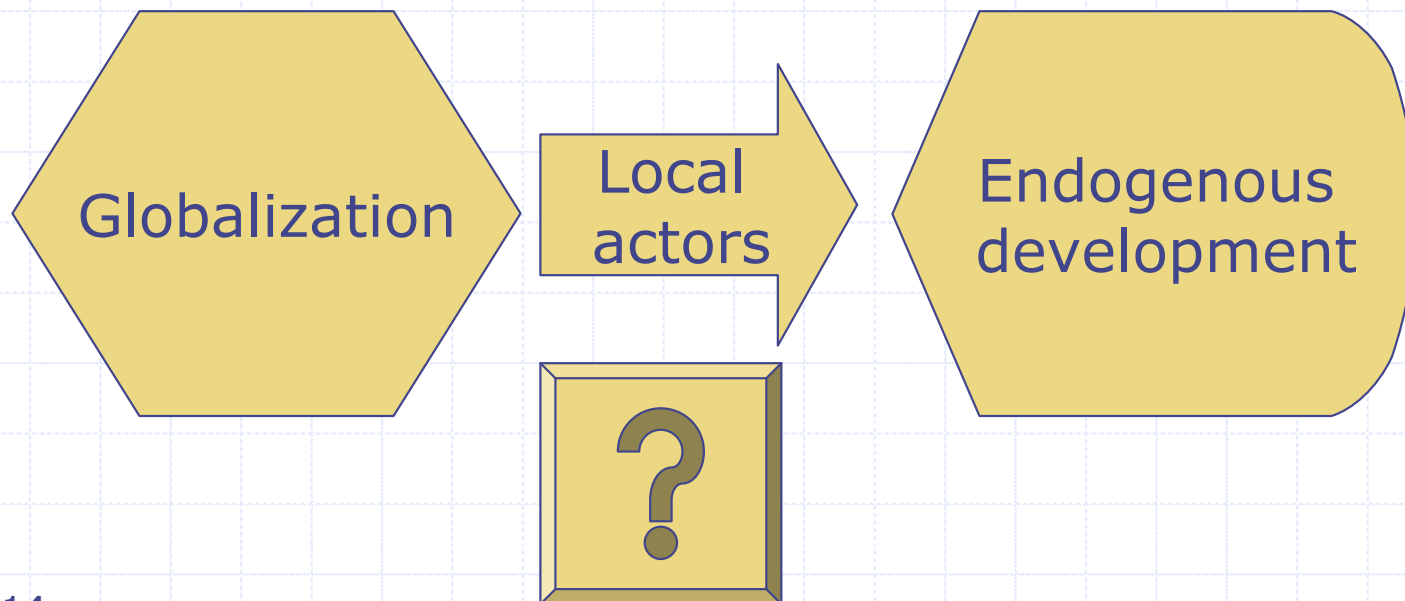
## Cont.

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



## Cont.

- ◆ 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?



# 3 Definitions

- ◆ Globalization
- ◆ Endogenous development
- ◆ The human factor
- ◆ Local economic development



## II. Literature review

- ◆ Dag Hammarskjold Foundation
- ◆ Venezuela government
- ◆ Japanese Scholars: Human being development, Social and folklore studies
- ◆ European Scholars

# 1. Dag Hammarskjold Foundation

- ◆ 1977, publication on “Another development, approaches and strategies” first mentions on Endogenous development, that is, stemming from the heart of each society, which defines in sovereignty its values and the vision of its future.

## 2. Venezuela government

- ◆ 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.
- ◆ Provide a socio-economic climate: sustainable development, dignified local employment, respects the local environment, makes full use of infrastructure and local resources.

### 3. Japanese Scholars

#### ◆ ***Human being development: Nishikawa Jun***

- ◆ (1) ED: 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) ED model has relations with participatory, cooperation and self-management.
- ◆ (4) ED has characteristics of self-organization and steady performance, emphasizes on ecology and autonomous.

## Cont.

- ◆ ***Social and folklore studies: Tsurumi Kazuko***
- ◆ Middle of 1970s, started research on Japanese folklore through comparative studies between American sociologist Talcott Parsons and Yanagita Kunio.
- ◆ She is the first Japanese scholar on endogenous development.
- ◆ In 1976, she built her own endogenous development theory.
- ◆ "ED 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.

## 4. European Scholars

- ◆ Based on 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).

## Cont.

- ◆ 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).

## Cont.

- ◆ 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).



# Experiences from Asian and Latin American cases

- ◆ Asian cases:

- ◆ (1) Philippines

Scott (2005), the improvement of the cooperative base of the shoe production cluster in Marikina is one of the objectives of the group of shoe manufacturers. Cooperative provide financial services to members of the cooperative The cooperative provides distribution and marketing services to its members.

## Cont.

### ◆ (2) Malaysia

Penang Development Center: PDC helped stimulate the formation of firm networks, and differentiate and diversify the productive fabric, particularly after the late eighties.

### ◆ (3) Bangladesh

Various forms of micro-credit and financial support to micro-firms and small businesses have appeared. The Grameen Bank, created in 1974, is a story of success.

## Cont.

- ◆ Latin American cases:

- ◆ (1) Argentina

The Center gives technical and financial assistance to local and regional firms, allow them to improve their production, broaden market.

- ◆ (2) Guatemala

Organization of Agricultural Producers, Interest Groups were encouraged, brought people with common productive and commercial interests together.

## Cont.

### ◆ (3) Chile

The Municipal House of Small Businessman promote qualification in business management and render technical and financial assistance to micro-firms and small businesses.

### ◆ (4) Colombia

The Program for the Support of Small and Medium-size Firms 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.

# The roots of Endogenous Development

- ◆ After idea on Endogenous growth of Romer (1986), Luca (1988), Garofoli (1991, 1992) pointed out new approach that called Endogenous Development. It considers development as a territorial process that is methodologically based on case studies (not on cross-section analysis), and development policies are more effective when carried out by local actors (not central government)
- ◆ Philippe Aydalot (1985) a follower of Perroux and Schumpeter 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.

## Cont.

- ◆ (Fua, 1983) and (Becattini, 1979) add 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.
- ◆ (Friedman and Walter Stöhr, 1979) gave great importance to the local actors' initiatives through their investment decisions and participation in the definition and implementation of policies.

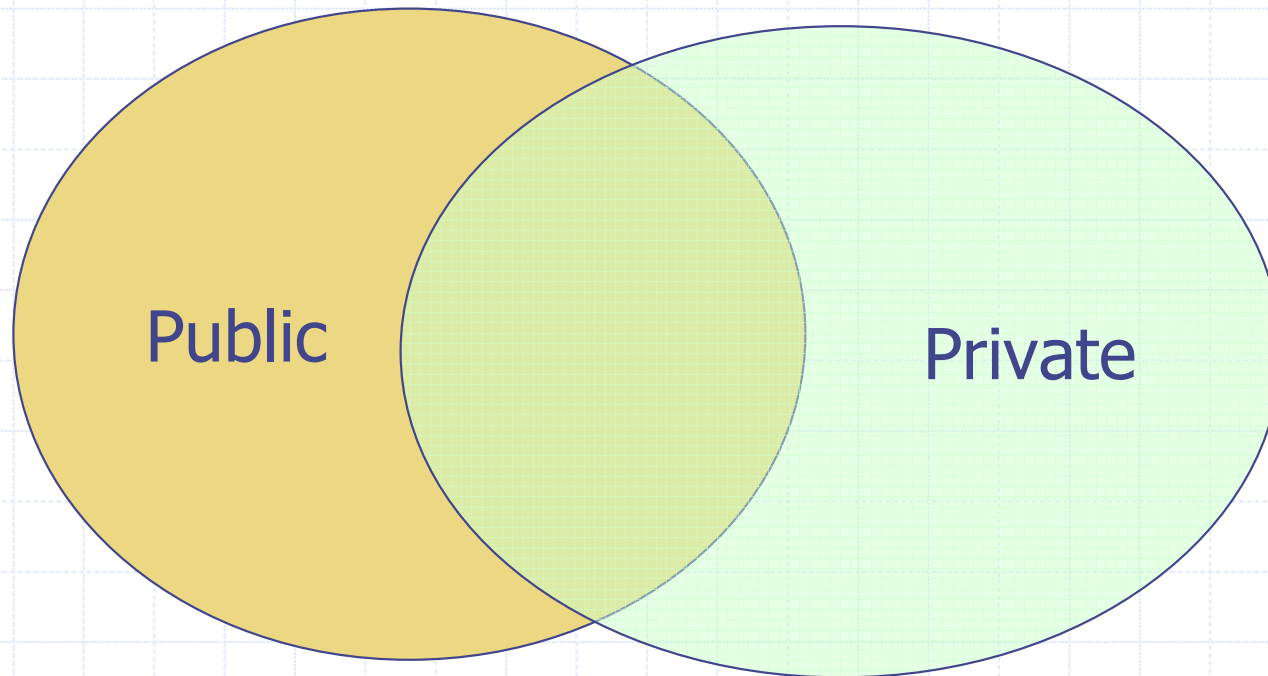
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- ◆ (Stöhr and Taylor, 1981) put forward “bottom-up” development strategies that allow mobilize and channel resources and development potential within the territory.
- ◆ (Vázquez-Barquero, 2005). ED refers to the capital accumulation process of specific localities and territories, deals with development processes based on local savings and investment, 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.

# III. Methodology

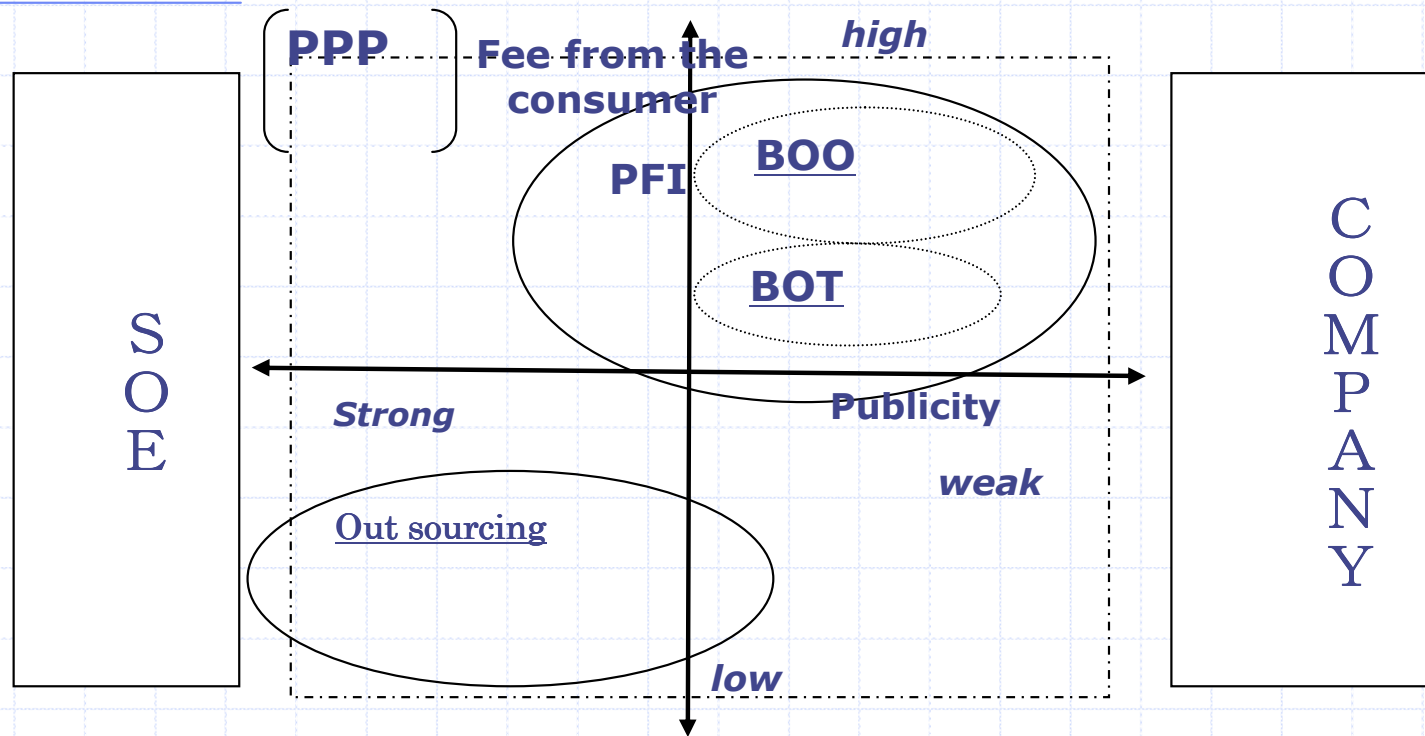
## Idea on PPP

Public-Private-Partnership





## IV. Desired model (1)



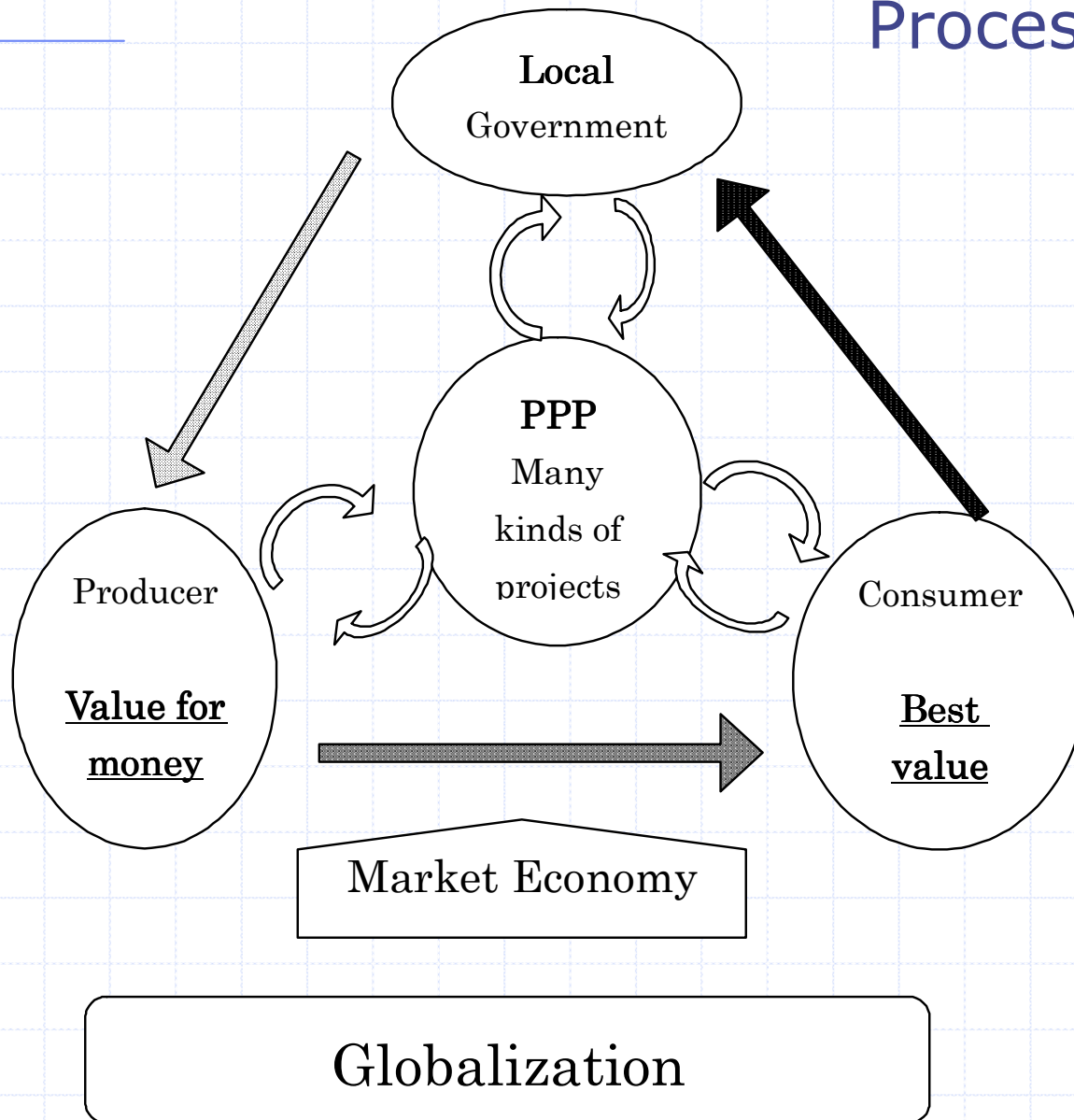
BOO: Build Own Operate

BOT: Build Own Transfer

PFI: Private Finance Initiative

# IV. Desired model (2)

“Win Win Win Process”



## Q&A

◆ Thank you very much for your attention!

All the questions are welcome!