

Fulbright Economics Teaching Program

MPP6, 2014-2015

Spring Semester

REGIONAL AND LOCAL DEVELOPMENT

Teaching Team

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Class Meetings

Monday and Wednesday: 10:15 – 11:45 am

Office hours

	Monday	Tuesday	Wednesday	Thursday	Friday
Nguyễn Xuân Thành	15:30-17:30		15:30-17:30		
Lê Thị Quỳnh Trâm					14:30-17:30
Trần Thị Lộc		16:30- 18:00		16:30- 18:00	

Students need to contact Mr. Duong and Khai directly for meeting appointments.

Course objectives and teaching method

This is a course on competitiveness and economic development, taking a bottom-up and microeconomic perspective. This course is built upon the FETP's traditional Marketing Places course but takes a new path, which is extensively informed by the Microeconomics of Competitiveness course pioneered by Michael Porter at the Harvard Business School.

The objective of this course is to address the question: How does a constituency (national government, sub-national government, region, cluster, industry association and others) build up its competitiveness to achieve the development goals?

The course will make an extensive use of case studies, mostly drawn from the FETP and Harvard Business School's case libraries. Before each class, the students are encouraged to read and prepare the case well in advance since a significant part of the course grade will be based on participation. The course also involves a team project in which the team assesses the competitiveness of and makes recommendations for a particular constituency.

Course description

The course is divided into four parts. In Part I, students will be introduced to the basic concepts and analytical framework of Microeconomics of Competitiveness. This part begins with a definition of competitiveness and a discussion of its determinants. These concepts will then be illustrated by the course's first case in which students apply general equilibrium analysis to national competitiveness.

In Part II students are introduced with an important analytical tool - the so-called "diamond model," and a key concept - the industrial cluster. The diamond model is an useful way to analyze the attributes of a constituency's competitive advantage. These attributes include factor conditions, demand conditions, related and supporting industries, and firm strategy, structure and rivalry. A cluster is defined by Porter as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities." The cluster concept represents a way of thinking about how to coordinate, build and upgrade the competitiveness of a national, regional, or local economy by increasing productivity and operational efficiency, stimulating and enabling innovations, and facilitating the formation of new businesses.

Part III presents analytical framework of competitiveness using value chain theory. While cluster approach focuses on interactive and coordinating roles among local firms and institutions, the global value chain approach concentrates on interaction and coordination among those links in the global value chain. The denomination of these two approaches is about upgrading and competitiveness. Individual firms in the cluster must participate in the national and/or global value chains. At the same time, members of the chain are also directly influenced by local factors. A case study on textile and garment will help students apply a combined cluster-value chain approach to upgrade and enhance competitiveness of a labor intensive manufacturing sector that is export-oriented.

Part IV introduces a series of case studies on the economic strategy at different scopes (broad economic area, nation, and sub-nation) and for different types of economies at various levels of development (advance, developing, and transition). Competitive advantage resides in the value chain, and strategy is a concerted mean to prioritize, configure, and link activities in the value chain all together. By the end of this part, students will be aware that many things matter for competitiveness and progress must be made simultaneously on multiple fronts, from company sophistication to cluster development to business environment quality. However, because of the limited resource, progress cannot be made equally on every front, and therefore strategic decision must be made to tackle the weakest links that constrain productivity. This part will help students explore further different aspects of competitiveness at regional and local levels using case studies about economic development from three region: north, central and south.

Course Requirements

This course is highly practical and applied. During the time of this course, students need to take every opportunity, both inside and outside class, to apply the concepts and analytical framework of Microeconomics of Competitiveness into practice.

Students are recommended to attend classes regularly, complete all requirements, including the written assignments and group projects. This course puts a heavy weight on students' participation and discussion during lectures and case studies.

An important part of the course is group project. It provides opportunity for students to apply basic concepts into building competitive strategy for a specific organization. Once set in motion, each group should regularly report to the faculty their topic, content and progress. The Faculty will also invite guest lecturers to come and discuss about Microeconomics of Competitiveness, with strong focus on areas that students might need more information for their group project.

To ensure this process is completed on time, below are the deadlines that the groups should follow:

- 19/02: Group allocation and project venues
- 05/03: Topic submission
- 26/03: Project outline submission
- 12/05: The 1st draft submission
- 26/05: The final draft submission
- 28/05: PowerPoint Submission

Course Assessment

Each student will be evaluated based on the quality of their participation in case study discussion, their written report and presentation. Specifically, the grade is structured as follows:

- Class participation: 25%
- Case study memo: 25%
- Group written report: 35%
- Group presentation: 15%

References:

- Porter, Michael E. (2008). *On Competition*, The Harvard Business Review Book Series, The Updated and Expanded Edition.
- Central Institute of Economic Management and Lee Kwan Yew School of Public Policy (2010). *Vietnam Competitiveness Report 2010*, Hanoi.
- Porter, Michael E. (1998). *Comparative Advantage of Nations*, The Free Press, a Division of Simon & Schuster Inc., Second edition.

PHẦN 1: MICROECONOMICS OF COMPETITIVENESS

WEEK 1

Lecture 01 Monday, 10/02 *Nguyễn Xuân Thành*

Topic Overall Framework: Defining Competitiveness and Its Determinants

- Readings**
1. *VTTA, An Introduction of Competitiveness Evaluation Theory*
 2. *On competition*, chapter 6, p155-166

Case Study 01 Wednesday, 12/02 *Nguyễn Xuân Thành*

Topic Competitive strategy

- Readings**
1. (Solvell and Porter, 2008, Finland and Nokia: Creating the world's most competitive economy)
 2. *On competition*, chapter 2

WEEK 2

Case Study 02 Monday, 17/02 *Phan Chánh Dưỡng*

Topic Economic Development Strategy

- Readings** CASE: Phan Chánh Dưỡng, HCMC development Orientation: Heading to South toward the East Sea.

Case Study 03 Wednesday, 19/02 *Phan Chánh Dưỡng*

Topic Building Competitiveness: Market and Role of Government

- Readings** CASE: The story of Columbia fresh flower
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PHẦN 2: LOCATION AND CLUSTER

WEEK 3

Lecture 02 Monday, 24/02 *Nguyễn Xuân Thành*

Topic Introduction to the Diamond Model

Readings On competition, chapter 6, p166-195

Case Study 04 Wednesday, 26/02 *Lê Thị Quỳnh Trâm*

Topic Evaluating local competitiveness using Diamond Model

Readings CASE: An Giang: Improving prerequisite for Local Development

WEEK 4

Lecture 03 Monday, 03/03 *Nguyễn Xuân Thành*

Topic Clusters and Cluster Development

Readings *On competition, chapter 7*

Case Study 05 Wednesday, 05/03 *Nguyễn Xuân Thành*

Topic Clusters and Cluster Development: Advanced Economies

Readings CASE: (9-799-124) *Porter & Bond, California Wine Cluster*

WEEK 5

Case Study 06 Monday, 10/03 *Lê Thị Quỳnh Trâm*

Topic Clusters and Cluster Development: Developing/Transition Countries

Readings CASE: (9-703-422) *Ketelhohn & Porter, Building a Cluster: Electronics and Information Technology in Costa Rica*

Case Study 07 Wednesday, 12/03 *Nguyễn Xuân Thành*

Topic Institutions for Collaboration

Readings

1. CASE: (9-703-437) *Porter & Emmons, Asociación Colombiana de Industrias Plásticas*
2. CASE: (9-703-436) *Porter & Emmons, Institutions for Collaboration: Overview*

PHẦN 3: GLOBAL VALUE CHAIN

WEEK 6

Lecture 04 Monday, 17/03 *Trần Tiến Khai*

Topic Value chain Approach in agriculture research

- Readings**
1. Making Value Chains Work Better for the Poor - A Toolbook for Practitioners of Value Chain Analysis (2008)
 2. Kaplinsky R., Morris M. (2000), A Handbook for Value Chain Research

Lecture 05 Wednesday, 19/03 *Trần Tiến Khai*

Topic Quantitative Methods for value chain

- Readings**
1. Markets4Poor (2008), Making Value Chains Work Better for the Poor - A Toolbook for Practitioners of Value Chain Analysis
 2. GTZ ValueLinks Manual: The Methodology of Value Chain Promotion, <http://www.value-links.de/manual/distributor.html>

WEEK 7

Lecture 06 Monday, 24/03 *Trần Tiến Khai*

Topic Value Added Analysis for Commodity Chain

- Readings**
1. Fabien Tallec and Louis Bockel (2005). Commodity chain analysis. Financial analysis. EASYPol. Module 044. FAO
 2. Trần Tiến Khai et al. (2011). An Analysis of Ben Tre Coconut Value chain. Report paper

Lecture 07 Wednesday, 26/03 *Trần Tiến Khai*

Topic Qualitative Methods for value chain

- Readings** Trần Tiến Khai et al. (2011). An Analysis of Ben Tre Coconut Value chain. Report paper
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PHẦN 4: REGIONAL AND LOCAL ECONOMIC DEVELOPMENT STRATEGY

WEEK 9

Lecture 08 Monday, 07/04 *Nguyễn Xuân Thành*
Topic National, Regional and Local Economic Development Strategy
Readings *Comparative Advantage of Nations*, Chapter 1

Thursday and Friday 10-11/04
Field Trip

WEEK 10

Case Study 08 Monday, 14/04 *Nguyễn Xuân Thành*
Topic National Economic Development Strategy
Readings CASE: (9-710-483) Porter et al., Remaking Singapore

Case Study 09 Wednesday, 16/04 *Nguyễn Xuân Thành*
Topic Regional Economic Development Strategy
Readings CASE: (9-703-426) Porter, The State of Connecticut: Strategy for Economic Development

WEEK 12

Case Study 10 Monday, 28/04 *Phan Chánh Dưỡng*
Topic Redefining Mekong Delta
Readings *Mekong Delta: Linkage for sustainable development and competitiveness enhancement*

WEEK 13

Case Study 11 Monday, 05/05 *Nguyễn Xuân Thành*

Topic Economic Development of Central Coastal

- Readings**
1. CASE: Chu Lai Open Zone: The Lab for Institutional and Policy Reform
 2. Reviewing Quang Nam Competitiveness

Case Study 12 Wednesday, 07/05 *Nguyễn Xuân Thành*

Topic Economic Development of Red River Delta

- Readings**
1. CASE: Ninh Binh: Trade-off between short-run and Long-run
 2. Dapice et al, History or Policy: Why don't Northern Provinces Grow Faster?

WEEK 14

Case Study 13 Monday, 12/05 *Nguyễn Xuân Thành*

Topic Economic Upgrading: Private Sector Development

- Readings** CASE: Binh Duong as business's companion

Lecture 09 Wednesday, 14/05 *Phan Chánh Dưỡng*

Topic Concept of Marketing Places

- Readings** Philip Kotler (2002), Chapter 1: "The Marketing Challenge in the New Asia"

WEEK 15

Lecture 10 Monday, 19/05 *Phan Chánh Dưỡng*

Topic Building strategy for marketing places

- Readings** Philip Kotler (2002), Chapter 3: "How places market themselves"

Lecture 11 Wednesday, 21/05 *Nguyễn Xuân Thành*

Topic Final Review

WEEK 16

Thursday, 29/05, 8:30 – 17:30

Group project Presentation
