University of Hawaii
Course Syllabus
ECON 496: Contemporary Economic Issues
Special Topic: Inclusive Innovation for Sustainable Growth

Summer 2016: June 6-July 1, 2016
Session I: Monday – Friday, 10:30 AM to 12:30 PM

Course Section: ECON 496 – Section 1
Special Topic: Inclusive Innovation for Inclusive Growth
Term/Year: Summer First Session/2016
Instructor: Hamid R. Alavi
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Office Hours: Mon - Fri, 10-10:30 AM, or by Appointment
Class Meeting Time: Monday – Friday 10:30 AM – 12:30 PM
Location:
Prerequisites:
Online Resource:

Course Description:

Background to the Course:

The world’s largest but poorest socio-economic group comprising 2.6 billion people (or the Base of the Pyramid – BoP -- which is 40 percent of the world’s population) lives on less than US$2 a day, less than the cost of a Starbucks coffee. The immense size of the BoP poses significant challenges to inequality, poverty eradication and social harmony. In fact, economic inequality has worsened significantly as countries have grown. The richest 1 percent in the United States, for example, owns more wealth than the bottom 90 percent. Oxfam estimates that 85 people in the world own half of all wealth. The situation might be tolerable if a rising tide were lifting all boats, but it’s lifting mostly the yachts. In 2010, 93 percent of the additional income created in America went to the top 1 percent.

Besides income gaps, another dimension of economic inequality is disparities in access to basic necessities of life. All over the world, the “disadvantaged,” “economically excluded” or “resource-poor” (a group even larger than the BoP) lack access to necessities such as clean water, sanitation services, affordable housing, food, basic health care, electricity, roads, basic education, and financial services. Disparities in access between urban and rural citizens make the nature of the exclusion more visible, particularly when considering that a large majority of BoP live in rural areas. Moreover, despite their extremely large “aggregate” purchasing power (well over a trillion US dollars per year world-wide), BoP lacks access to empowering products and services and modern markets that the rest of the world has come to take for granted.

Equally alarming is that the wider differences in incomes, the more serious social are issues such as life expectancy, literacy, infant mortality, homicides, imprisonment, teenage birth, obesity, mental illness, alcohol abuse and the like. To tackle income inequality, governments have implemented redistribution policies through
taxation, directed credit, subsidizing the poor, or other social policies. But these policies may have fallen short of desired outcomes in inequality as measured by income and access. Given the fiscal constraints prevailing in most countries, social policies can only achieve nation-wide coverage if innovative ways are adopted to ensure that social support programs are efficient, innovative, scalable and financially sustainable. Policymakers often ignore the fact that the BoP needs opportunity (access), not charity. They have aspirations to contribute to economic growth, and their market size is large enough to merit market-based solutions to inequality.

**Objectives of the Course:**

With this background, the aim of this course is highlight the significantly negative economic and social impact of inequality and introduce the students to the concept of “inclusive innovation” and its relevance for shared growth and poverty alleviation. This course is in line with two key current concerns. On the one hand, policymakers are confronted with the challenge of boosting economic growth while ensuring that gains remain socially inclusive -- as we have witnessed, for example, in recent presidential elections processes. On the other hand, enterprises are struggling with new business models to enter into new markets as traditional – and rich -- global markets contract and/or are becoming increasingly competitive.

This course will focus on inclusive policies, practices and processes to tackle the BoP basic needs and enable them to participate in and contribute to overall economic growth and development. We will examine the role of innovations in technology, organization, policies, supply chains and marketing to bridge inequality gaps while fostering economic growth. We will learn how inclusive innovation will serve as one of the instruments to bridge inequality gaps and become a source of sustainable competitive advantage for firms in the BoP market. We will discuss how enterprises can “Do Well By Doing Good,” by focusing on the large BoP market. Simultaneously, you will also learn the daunting challenges governments and private sector firms face in building an inclusive innovative ecosystem for the BoP. The course compares inclusive innovation solution with traditional, and sometimes unpopular, solutions such as increased taxation of a specific economic group and income redistribution measures. One session will be dedicated to unravel current inclusive innovation perplexities while reviewing the topic, “Social Innovation” and “Social Entrepreneurship” to enable students to distinguish the differences between these concepts.

**Goals**

The course will benefit from lectures and class discussions, as well as student presentation and field studies of inclusive innovations. Students will develop basic skills for screening, evaluating, articulating, refining, and pitching an inclusive innovation through a novel product or service offering, either as a start-up business or a new initiative within an existing firm. This course is appropriate for students interested in innovation as necessary component of the policy environment and of new businesses that cater to the needs of BoP.

**Required Texts/Course Materials:**


**Recommended reading:**

Inclusive Innovation for Inclusive Growth

Instructor: Hamid Alavi


Student Learning Outcomes: After completing this course, students should be able to:

1. Explain clearly core economic terms, concepts, and theories relevant to inclusive innovation and inclusive growth.
2. Apply economic reasoning to understand issues and potential policies pertaining to inclusive innovation and sustainable development.
3. Apply appropriate quantitative and statistical techniques to economic analysis.
4. Communicate effectively results of economic research and analysis through written reports and oral presentations.

Course Requirement and Grading Policy

1. Class attendance and personal initiative [in-class discussion and participation, case study preparation, class exercise, reflective blogs]

2. Readings - Readings are assigned for each class; students are expected to complete the readings prior to the class. Students should be ready to discuss the main points of the author(s). What is the essence of their ideas? What did you learn from the reading? Students have the option of preparing a “one-page” summary for each reading. This will be taken account in grading student participation. These summaries should be typed or written legibly and submitted at the beginning of each class session. These summaries may serve as the basis for class discussion.

3. Mid-Term Project – This project would represent significant effort on the part of students (or teams) and can take the form of a business plan, commercialization, or a proposal or case study of an enterprise transformation initiative with a focus on inclusive innovation. On-going advice and assistance will be available.

4. Final Exam or Project

Grading Formula

Participation: Students are expected to attend all classes and actively participate in class. Participation is graded and worth 25% of the final grade. This includes attendance (do not miss more than 3 classes), in-class discussion, blogging related to assignments, etc.
Mid-Term Project or Test: The mid-term assignment counts for another 35% of the grade. Teams are encouraged (and possibly assigned).

Final Project or Exam: The final project will count as 40% of the final grade.

Final grade will be based on the following scale:

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Late Assignments: Late assignments are only accepted if students make prior arrangement with professor, or in the case of a valid emergency. In either case, late penalties will be deducted from the score received. At the Professor’s discretion, substitutions or extra credit may be assigned to allow motivated students an opportunity to enhance their point standing.

Class Absences: Class attendance and tardiness are recorded for each class. There are 20 class meetings and each missed class will result in deduction of points. Because the course includes team projects and exchanges of materials with others, punctual attendance is expected of all students at lectures and assigned presentations. Unexcused absences amounting to more than three class periods will result in significant reduction of participation grade. In the event you are unable to attend a class, it is the responsibility of the student to obtain approval from the professor for an absence prior to the missed class via email.

Academic Honesty

Appropriate citation of the work of others is required. Plagiarism will not be tolerated. A failing grade will be assigned to any paper or project not offering proper citations. All work submitted to meet course requirements -- papers, assignments, lab work, and examinations -- is expected to be the student's own work. Without prior written approval by both instructors, students may not submit the same material, in substance or in writing, to two courses, nor may students purchase written work.

Course Outline
Session 1 - Monday June 6:
Introductions and personal objectives, course overview, objectives and requirements, distribution of finalized syllabus and handouts

Session 2 – Tuesday June 7:
Inequality and its price

Discussion questions:

1. What is inequality?
2. Why should we worry about inequality? What problems can it create in societies?
3. What factors contribute to economic inequality?
4. What are possible solutions to bridge inequality gaps?
   a. Is taxation of the rich a good idea?
   b. Any other measures can you think of?

Class lecture:

1. Alavi: Measuring income and access inequality
2. Wilkinson TED Talk


Session 3 - Wednesday June 8:
Policy Measures to Reduce Inequality

1. Development of small and medium enterprises
2. SME finance and microfinance
3. Traditional policy instruments
   a. Public education
   b. Universal health
   c. Public infrastructure

Class lecture:

1. Alavi: Policies to promote inclusive growth and equality

Class discussion

Session 4 – Thursday June 9:
Policy Measures to Reduce Inequality: Taxation of the Rich vs. Market-Based Solutions

Class lecture:

2. Alavi powerpoint
3. Saez Berkeley talk
Inclusive Innovation for Inclusive Growth

Instructor: Hamid Alavi

Class discussion

Session 5 – Friday June 10:
Innovation and Inequality

Class Lecture:
What is innovation?
How does innovation contribute to growth?
What is evidence of impact on inequality?

Session 6 – Monday June 13:
Inclusive Innovation: An Introduction and Basic Principles

Discussion questions:

1. What do you think is meant by “inclusive” innovation?
2. Can you think of innovations in your community which can be inclusive?

Class lectures:

1. Alavi powerpoint presentation

Readings: Alavi, Hamid et al, China’s Inclusive Innovation for Sustainable Inclusive Growth.

Session 7 – Tuesday June 14:
Ecosystem for Inclusive Innovation

Class lecture: Alavi powerpoint

Role of Government, private sector, NGOs, and other agents
- Government Initiatives and partnerships for collaborative IP
- RTIs, International Agencies and Foundations
- Role of the Private Sector
- Grassroots

Session 8 – Wednesday June 15:
Inclusive Innovation: The Case of China and Malaysia

Class lecture: Alavi: Inclusive Innovation Ecosystems in China and Malaysia

Details of Mid-Term Project are discussed

Readings: Alavi, Hamid et al, China’s Inclusive Innovation for Sustainable Inclusive Growth.

Session 9 – Thursday June 16:
Inclusive Innovation: Global Perspectives and International Experience

Case study: The $35 Computer Tablet Story
**Session 10 – Friday June 17:**
Social Innovation and Social Entrepreneurs

Readings:


**Session 11 – Monday June 20:**
Harnessing Market Power for Rural Sanitation in Vietnam
Guest Speaker: Dr. Jaime Frias, Senior Economist, The World Band Group

Class discussion

**Session 12 – Tuesday June 21:**
Mid-Term Project Presentations

*Student Presentations: Group signs up for this class.*

**Session 13 -- Wednesday June 22:**
Mid-Term Project Presentations
*(Discussion from previous week)*

**Session 14 – Thursday June 23:**
Significance of Small and Medium Enterprises for Inclusive Growth

Readings: TBD

**Session 15- Friday June 24:**
Best Practice in SME Development Policies – Malaysia SME Masterplan

Readings:
Malaysia SME Masterplan – 2012-2020

**Session 16 – Monday June 27:**
Commercialization Innovations

Readings: TBD

**Session 17 Tuesday June 28:**
Practical Experience in Commercialization of Innovations: PlatCom Ventures and Inclusive Innovation Commercialization Platform

Readings:
1. YouTube PlatCom Ventures
2. Class handouts

**Session 18 -- Wednesday June 29:**
TBD

**Session 19 -- Thursday June 30:**

Final Exam

**Session 20 – Friday July 1:**

Lessons Learned and Future Directions