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National products, the grand theories

Noviardi
Universitas Indonesia, Depok - Indonesia, (ardhi.wiranata.arw@gmail.com)

Abstract

Persuading society to increase national productions is not just an easy evergreen concept. Million of rupiahs spent on advertisement, would not be enough to change society perceptions that imported products are better, which will result in decreasing interest for national productions. Researcher assumes there is a low interest to discuss national productions in qualitative research. Having this assumption as the background, researcher will explain the result of related literatures study about increase in national productions. The results will be discussed by using the theory of qualitative research, by combining several related theory into some grand theories.

Keywords: national productions, simple qualitative, grand theories

Introduction

National production is a long and familiar thing to be expressed straightforwardly, especially in the form of research. Most studies of national GDP / national production indicators in Indonesia, are more quantitatively calculated based on Adam Smith old theories in his famous book—An Inquiry into the Nature and Causes of the Wealth of Nations (Smith, 1774). The researcher views the lack of qualitative analysis of national production in Indonesia, systematically invoking less serious assessment of national production in the academic arena. This issue is urgent to be discussed seriously in the research journal, such as Sumarwan et al (2016) and Ilham and Swastika (2016) which revealed in their article on the importance of improving national production. Moreover, still, both refer to the old grand theories during 1997-2013.

Qualitative effort to unify the various theories around national products is still considered less anewed. The author initially assessed the effort to increase national production is only a nationalist effort, making the modernization effort that happens to be in vain. Fortunately, Indonesia's macroeconomic market has been praised in preventing the global crisis because the love of national production is actually quite strong, especially supported by the strong concept of SMEs (Small and Micro Medium Enterprises). In addition, the government's support in increasing national production is also evidenced by efforts to boost national product exports, both fiscally and monetary.

In this paper, researchers will present some of the newest grand theories that form the same grounding for some of the diversity of theories related to national production.

Method

Research Problem: What are the newest grand theories that are able to explain the national production?

On the basis of purely qualitative research, the researcher conducted a simple literature study on the research related to the object of research, believed in the national production. Furthermore, the researcher will merge some of the theories that have been presented in the literature review, becoming some grand theory capable of explaining national production.

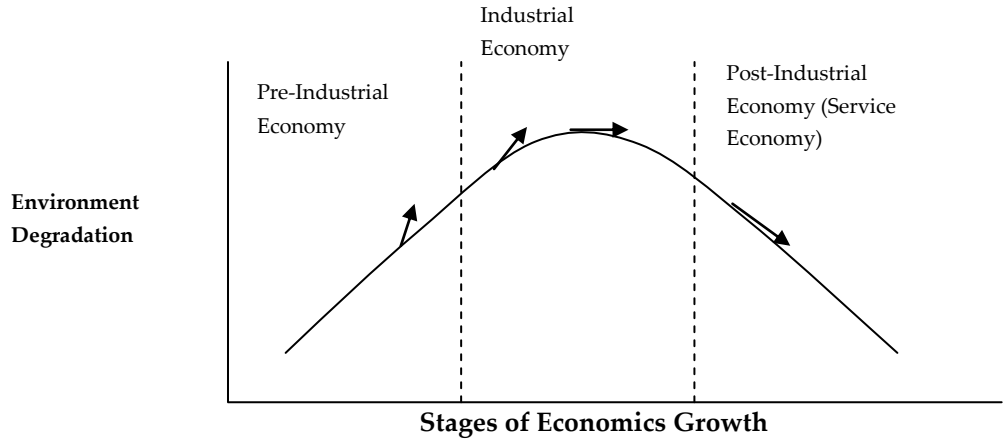
Results and Discussion

Broadberry (2015) traced historically, growing national production in England from 1270 to 1700 and to Great Britain during 1700 to 1870, constructed from the output side. For agriculture, growth estimates are influenced by the farming / agricultural pastoral system with structured structural oversight, recorded neatly in simple manorial records during the mid-period, and streamlined inventory and accounting for agriculture during the modern period. In the industrial and service periods, many indexes were generated from the largest contributing sectors of GDP combined with a weighted value added measure. GDP data is then obtained with population / statistical estimates and GDP per capita calculations.

A Cambridge Professor (McCombie, 2016) explains that there is a close connection between national production and the balance of payments (the difference in exports minus imports). Supported by Prof. Thirwall argument which explains what a country has exported, must be adapted to the times. This is because, if the orthodoxy in exporting goods is maintained, then the state itself will be left behind. With a variety of complicated mathematical models, Prof. Mc Combie explains the importance of paying attention to the balance of payments in relation to a country's economic growth.

The two main coefficients put forward are ε (the elasticity of world income on demand for a country's export products) and π (the elasticity of domestic income on the demand for a country's imported product). Recent developments regarding the balance of payments and national production relations were continued by Nell in the form of model generalizations for many countries (South Africa and OECD). There is also a multi-sectoral model of Araujo and Lima, which emphasizes that import and export composition is important, and to reduce the growth gap between countries requires a concentration on demand for products with high income elasticity of demand goods.

For some social scientists and physicists such as Georgescu-Roegen and Meadows et al (in Panayotou, 2016), growing economic activity (production and consumption) requires greater energy and material input, and generates more quantity of residual production. Increased natural resource exploration, accumulation of plant waste, and concentration of pollutants can meet the biosphere's innate capacity and result in degradation of environmental quality and decline in people's welfare, despite increasing incomes (Daly in Panayotou, 2016). Here is the basic curve of theory used by Panayotou in explaining his national production theory related to environmental sustainability.



Environmental Curves by Kuznets: environmental relations and economic growth

Panayotou also explained that the recent experience of OECD countries shows that the doubling of command and policy control with the right measures of economic instruments is a more cost-effective and flexible tool for doubling economic growth from the possibility of environmental stress and for achieving sustainable growth.

The competitiveness of an industry or a State refers to the productive capability of the industry or the State (Kotabe in Sumarwan et al: 2016, 195). If a company has a strong competitiveness, it will create competitive advantage so that it can earn a profit in a certain period of time. Based on this background, Sumarwan et al examined the competitiveness of one of national production in the form of commodity number 1 which contributed to the country's foreign exchange, namely urea fertilizer. Competitiveness is associated with profit, which is a function of domestic urea fertilizer prices, the price of urea fertilizers abroad, the amount of production and the amount of urea fertilizer export.

From this study proved that the policy of domestic urea selling price does not significantly affect the sales results, inversely proportional to the selling price of urea abroad which significantly affect the sales results. The volume of production and export volume significantly affects the sales results. The results of sales affect the profit (indicator of competitiveness) significantly, amounting to 63.7%.

In addition to price factors, to analyze the competitiveness and impact of government policies on dairy farming, Ilham and Swastika (2016) use Policy Analysis Matrix. The PAM matrix used is according to Monke and Pearson (1989) as follows:

Description	Acceptance	Cost		Profits
		Tradable Input	Domestic Input	
Private Price	A	B	C	D
Social Price	E	F	G	H
Policy Impact	I	J	K	L

Description:
I = A – E ; J = B – F ; K = C – G ; L = D – H ;
DRCR = (G) / (E-F) ; NPCO = (A) / (E) ; NPCI = (B) / (F) ; EPC = (A-B) / (E-F)
DRCR : *Domestic Resource Cost Ratio*
NPCO : *Nominal Protection Coefficient on Output*
NPCI : *Nominal Protection Coefficient on Input*
EPC : *Effective Protection Coefficient.*

Conclusions

Based on the author's objectivity in assessing the related research, here are some grand theories related to the object of research:

1. Micro Economic Theory
   From the micro side, expressed by Sumarwan et al (2016) that the increase of national production (urea) is not significantly influenced by the price, but by the volume of production.
2. Macroeconomic Theory
   In addition to price and volume of production, Sumarwan et al (2016) states in macro that the increase in national production (urea) is significantly affected by export volume. This is in line with McCombie's (2016) paper which states the importance of export and import coefficients, relative to the change in currency and price values in an effort to increase national production.
3. Accounting System and Policy Theory
   The Ilham and Swastika (2016) study explains with a policy matrix able to explain how the policy management system is able to increase national production (cow milk dairy). The grand theory is also in line with Broadberry (2015), which describes in detail and historically that, the growth of national production is strongly influenced by the neatness of the recording and policy systems in the management of national production contributors.
4. Environmental Theory
   Panayotou (2016) explains how economic growth (which is based on the change of national products) are closely related to environmental degradation.

Some of the problems of national production are still recently used as the basis for many studies abroad, but different and anew. The national production discussion is measured mathematically and in detail by Panayotou (2016) and McCombie (2016) in their writing. In micro view, Broadberry (2015) explains that the ability to increase national production is also influenced by the monitoring and recording system of related national products. It can be concluded that the four grand theories above are able to explain how efforts to increase national production can be implemented.

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