

International Trade Variables as a Macroeconomics Performance In North Penajam Paser

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Abstract. *New State Capital had been determined as part of Penajam Paser Utara Regency and as part of Kutai Kertanegara Regency, but to provide decision need argumentation which depends on method. First Author will use tools to determine New State Capital, so that economics criterium to design New State Capital more clearly as a state capital which have got capabilities to provide a World Class Services, Smart City with modern management and Strategic Location in middle area Indonesia Archipelago, detail mapping in East Kalimantan Province and also to avoid disaster problems. Economics as standard parameters to know about welfare, with International Trade variables for global prosperity scope, such as International Business perspective, for example Export and Import. Normally, all variables, include Independent Variables $X1 = \text{Inflation}$ $X2 = \text{Import}$ $X3 = \text{Export}$, Dependent Variables : Economic Growth. Explanations about fluctuation data every variables shall be influencing welfare New State Capital. New State Capital in location Penajam Paser Utara Regency and Kutai Kertanegara Regency, include two regency at one Province as a New State Capital. Research Methods need quantitative models from statistics to display macroeconomics performance in East Kalimantan, to gains properly output data for Dependent Variables. Dependent variables had been defined as a Economic Growth. Economic Growth can influenced by International Trade Variables. The indicators of economic variables which influence inflation is Consumer Price Index. Monthly Economic Review between 2017 until 2019 had been listed.*

Keywords : *International Trade, Economic Growth, Inflation, Import Export.*

1. INTRODUCTION

New State Capital location in North Penajam Paser and Kutai Kertanegara need measurement focused on Macroeconomics Performance, which need indicator. Indicator include International Trade variables, such as Inflation, Import, Export and Economic growth. The purpose of economic theory in general is to predict and explain (Salvatore, 2014). Indonesia as a developing countries need improvement poverty. For example China and India explanations, it means deep poverty in many developing countries have been growing very rapidly, some of the poorest developing nation, particularly those of sub-Saharan Africa, face deep poverty, unmanageable international debts, economic stagnation, and widening international inequalities in living standards.

The effect of growth on the nation's welfare depends on the net result of the terms of trade effect and wealth effect. The wealth effect refers to the change in the output per worker or per person as a result of growth. A positive wealth effect, by itself, tends to increase the nation's welfare. Otherwise, the nation's welfare tends to decline. If the wealth effect and the terms of trade is positive and the nation's terms of trade improve as a result of growth and trade, the nation's welfare will definitely increase. If they are both unfavorable, the nation's welfare will definitely decline. If the wealth effect and the terms of trade effect move in opposite directions,

the nation's welfare may deteriorate, improve, or remain unchanged depending on the relative strength of these two opposing forces.

In East Kalimantan, which North Penajam Paser had been located as a New State Capital, we understood about import substitution versus Export Orientation. Salvatore (2014) We now examine the reasons why developing nations want to industrialize and the advantages and disadvantages of industrialization through import substitution versus exports. We will then evaluate the results of the policy of import substitution, which most developing nations chose as their strategy for industrialization and development.

During 2017 until 2019 every month East Kalimantan made a deliberate attempt to industrialize rather than continuing to specialize in the production of primary commodities for export as prescribed by traditional trade theory. Industrialization was relied on to provide: 1. Faster technological progress; 2. The creation of high-paying jobs to relieve the serious unemployment and underemployment problems faced by most developing nations; 3. Higher Multipliers and accelerators through greater backward and forward linkages in the production process; 4. Rising terms of trade and more stable export prices and earnings, and 5. Relief from balance of payments difficulties that result because the demand of developing nations for manufactured products rises faster than their export earnings. The desire of developing nations to industrialize is natural in view of the fact that all rich nations are industrial while most poor nations are primarily agricultural.

An import substitution industrialization strategy has three main advantages: 1. The market for the industrial product already exists, as evidenced by imports of the commodity, so that risks are reduced in setting up an industry to replace imports; 2. It is easier for developing nations to protect their domestic market against foreign competition than to force developed nations to lower trade barriers against their manufactured exports; 3. Foreign firms are induced to establish so-called tariff factories to overcome the tariff wall of developing nation.

Export oriented industrialization also has advantages. Advantages include the following, it overcomes the smallness of the domestic market and allows a developing nation to take advantage of economies of scale.

2. LITERATURE REVIEW

The literature review is a written synthesis of what is known about the research topic and provides supporting evidence for the thesis. It is essential for doctoral work that must demonstrate an original contribution to knowledge. For the master's student, the literature review situates the proposal research within the context of other research being conducted in the field (Blair, 2016). The literature review is where you identify the theories and previous research which have influenced your choice of research topic and the methodology you are choosing to adopt (Ridley, 2012). You won't use it to try to prove anything or support any preconceived ideas you might have; you are only interested in identifying and presenting what is already known about the problem area you are investigating (Terrell, 2016). In view of the guidance provided in research handbooks, literature reviews in the context of postgraduate study may be defined in terms of process and product. The process involves the researcher in exploring the literature to formulate a problem or research enquiry, to defend the value of pursuing the line of enquiry established and to compare the findings and ideas of others with his or her own. The product involves the synthesis of the work of others in a form which demonstrates the accomplishment of the exploratory process (Bruce, 1994).

2.1 Preliminary Research.

The purpose of this study was to study the effect of inflation on the economic growth of Aceh Province in the 2015-2018 fiscal year. Inflation is measured by Consumer Price Index. Economic Growth is measured by Gross Domestic Product. The population in this study is on data and information regarding Consumer Price Index allocation, and Gross Domestic Product in the economic sector. This study uses the Consumer Price Index data, and Economic Growth data had been seen from the survey conducted by Central Bureau of Statistics in the 2015-2018

fiscal year, and uses the census method. For hypothesis testing, this study uses simple linear regression analysis. The test results show that inflation affects economic growth. The coefficient of determination is 29.4. The coefficient of determination that had been calculated is 29.4 % included in the criteria of the role that is quite high, in accordance with the Guidelines for providing interpretation of the coefficient of determination. So that it can be concluded that inflation affects the economic growth of Aceh Province is high. (Khairuna and Yulianti, R., 2019).

It is found both inflation and economic growth have correlation. It is found significantly long-run relationship through the probability value of its residual and short run relationship through the probability value of inflation and economic growth in its differentiation. *QE Journal Vol 3, No.1*. (Lubis, 2015). Economic Growth more fastly have impact inflation with indicator overheating economy. (Mallik and Chowdhury, 2001) in (Lubis, 2015).

GDP (Gross Domestic Product) is one of the factors that involved many sectors and the primary indicators used to gauge the health of a country's economy. Therefore, it is important to know the factors that affecting number of GDP in one country, especially in Indonesia. The author uses a quantitative methodology with multiple regressions and shows the relationship between the dependent variable and independent variable. Independent variables in this case are population interest rate and inflation rate. In this study, it found that the change of Gross Domestic Product (GDP) in Indonesia from 2011 to 2015 is affected by inflation rate and not by CPI (Consumer Price Index). (Karlina, 2015).

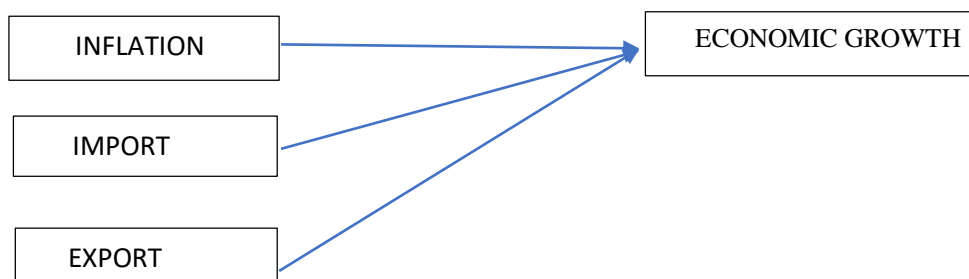
2.2 International Textbooks

International Trade to motivate economic growth in country. International Trade as an engine of growth. Comparative advantage had been developed by Ricardian. Every country will be exporting goods who have got comparative advantage, it means goods which produced use production factors owned by country in big quantity and import for goods with small comparative advantage. International Trade Clown in Economic Growth very significantly. (Nopirin, 2014).

Economists agree on several facts about these high-growth Asian economies. First, they were careful to maintain stable macroeconomic environments and had fewer recessions and financial crises than were common in most other regions of the world. Second, they had strong and credible commitments to sharing the benefits of economic growth, in part through expanded access to health care, education, and housing. These policies and others enabled them to develop a skilled, highly literate workforce that was very attractive to multinational firms. Third, they promoted their exports, but they remained more open to imports than most other developing countries. Exports provided foreign exchange earnings and forced firms to make competitive products, while imports brought new technologies and new products. (Gerber, 2018).

2.3 Research Conceptual.

As a frame of research conceptual to explain among variables Economic Growth as dependent variable, consumer price index (Inflation), Import, and Export as an independent variables. To understand regarding relationship between variables to shape influencing.



So that, The Clown of International Trade Variables very significantly to construct Macroeconomic Performance.

3. METHODS

Research methods with quantitative methods to explain research problem need statistics data from The Centre of Statistics Bureau. See **Table 2.1**

Table 2.1 International Trade Variables

Number	Inflation EastK	Export Million US\$ EastK	Import MillionU S\$ EastK	Economic Growth East Kalimanta n	Consumer Price Index. Indonesia. % (Bank Indonesia)
20171	1.04	1488.40	215.84	3.73	3.49
20172	-0.04	1271.83	259.50	3.73	3.83
20173	0.15	1544.77	151.15	3.73	3.61
20174	0.13	1372.37	209.87	3.58	4.17
20175	0.36	1420.37	334.64	3.58	4.33
20176	0.98	1292.56	211.97	3.58	4.37
20177	0.12	1311.50	316.17	3.68	3.88
20178	-0.28	1459.29	227.39	3.68	3.82
20179	-0.01	1565.19	312.80	3.68	3.72
201710	-0.19	1640.40	273.14	1.61	3.58
201711	-0.16	1521.40	350.98	1.61	3.30
201712	1.02	1592.82	360.85	1.61	3.61
201813	0.32	1476.80	323.35	1.77	3.25
201814	0.23	1395.25	352.25	1.77	3.18
201815	0.05	1698.52	404.19	1.77	3.40
201816	0.30	1324.69	383.92	1.92	3.41
201817	0.37	1492.28	378.44	1.92	3.23
201818	0.82	1640.47	193.56	1.92	3.12
201819	0.92	1628.75	323.49	0.09	3.18
201820	0.15	1400.23	540.89	0.09	3.20
201821	-0.26	1468.11	360.19	0.09	2.88
201822	-0.16	1713.37	496.93	5.14	3.16
201823	-0.06	1537.14	495.37	5.14	3.23
201824	0.54	1580.56	305.66	5.14	3.13

201925	0.56	1443.65	259.87	5.36	2.82
201926	-0.01	1185.85	155.80	5.36	2.57
201927	-0.18	1512,84	234.50	5.36	2.48
201928	0.15	1333.03	192.11	5.43	2.83
201929	0.56	1407.31	165.51	5.43	3.32
201930	0.50	1348.70	166.48	5.43	3.28
201931	0.30	1417.86	240.77	6.89	3.32
201932	0.19	1282.42	216.68	6.89	3.49
201933	-0.27	1266.42	153.76	6.89	3.39
201934	-0.37	1355.41	157.80	2.67	3.13
201935	0.21	1268.97	217.15	2.67	3.00
201936	0.40	1359.32	345.88	2.67	2.72

Regression Equation methods to explain relationship between data and Economic Theory. See regarding equation $Y = \text{Economic Growth}$

a = Konstanta = Y value whenever all X variables = 0

B_i = slope regression as regression coefficients

e = assumptions zero , disturb variable.

X₁ = Inflation in East Kalimantan Province

X₂ = Import in East Kalimantan Province

X₃ = Export in East Kalimantan Province

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e \dots\dots\dots \text{Equation.}$$

4. RESULT AND DISCUSSIONS

Macroeconomics Performance include variable international trades to involve export and import. Analysis about export as an activities to outside with motivation to receive Gains from Trade,and also import. Indonesia using comparative advantage to access excellent quality products and services,so that achieve consumer behavior requirements.

East Kalimantan had been placed research writer,since 2008-2009 to verify primary data nature resources, sight seeing plantation,farm, industrial estate, and provide experience to determine influence design pilot project to increase welfare society.Make Sure the kinds of business such as mining operations,plantation,manufacturing sector.

After through SPSS Data Processing,give information and knowledge about 1 variable dependent and three variables independent.Variable independent : Economic Growth,and Independent include Inflation East Kalimantan, Export from East Kalimantan,and Import to East Kalimantan. SPSS include :

4.1. Methods.

Model	Variables	Variables Removed	Method
1	Inflation (CPI) Import Export		Enter

- Dependent Variable : Y = Economic Growth
- All requested variables entered

4.2.Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate
1	.527a	.278	.210	170.278

a. Predictors (Constant), Inflation, Import, Export

4.3.ANOVA a

Model	Sum of Squares	df	Mean Squares	F	Sig
1 Regression	357224 ,820	3	119074940	4,107	0,14 b
Residual	927821 ,930	32	28994,435		
Total	1285046,750	35			

a. Dependent Variable : Y

b. Predictors : (Constant): Inflation, Import, Export

4.4. Coefficients a

Model	Unstandardized Coefficients B	UC Std Error	Standardized Coefficients Beta	t	sig	95% LB	95% UB
1 Constant	863,528	317,		2.716	,011	215,	1511,0
Export	-,002	899	-,116	-,684	,499	989	67
Import	-,008		-,432	-,2555	,016	-,007	,003
Inflation	-2258,023	,002	-,227	-1.475	,150	-,015	-,002
		,003				-	861,11
		1531				5377	2
		,289				,157	

Constanta 863,528 provide knowledge , if no consumer price index, no export and no import therefore Economic Growth = 8,63528

Regression Coefficients X1 = -2258,023 provide knowledge , if decreasing one unit inflation going to economic growth 2258,023 unit measurement.

Regression Coefficients X2 = -,008 provide knowledge,if decreasing one unit import going to economic growth 0,00008 Million US\$ because divide 100.

Regression Coefficients X3 = -,002 provide knowledge,if decreasing one unit export going to economic growth 0,00002 Million US\$ because divide 100.

F counted 4,107 greater than F Table 2,92. Alternative Hypothesis Received.

T counted ,decreasing import 2,555 greater than interpolation t Table 2,382.

CONCLUSION

International Trade variables determined by problems at macroeconomic, and the successfully of New State Capital depend on economics province, focus on international economics activities, providing solutions decreasing import and overall solutions with assurance Economic Growth significantly for New State Capital,The Republic of Indonesia in East Kalimantan Province. Interpretation about research with secondary data in East Kalimantan Province as a New State Capital , Penajam PaserUtara more suitable with International Trade variable Economic Growth as a Macroeconomics Performance and providing assurance more successfully in the future.

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