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2013 PRSCO.23
2013 IRSA institute.4

CONFERENCE PROCEEDINGS

THE 23RD PACIFIC CONFERENCE OF THE REGIONAL SCIENCE ASSOCIATION INTERNATIONAL (RSAI)
THE 4TH INDOONESIAN REGIONAL SCIENCE ASSOCIATION (IRSA) INSTITUTE

2-4 JULY, 2013
BANDUNG - INDONESIA



ORGANIZED BY:



Economics & Development Studies
Master of Applied Economics
Faculty of Economics and Business
Universitas Padjadjaran



Indonesian
Regional
Science
Association



PRSCO
The Pacific Regional Science
Conference Organization

SUPPORTED BY:



THE REGIONAL SCIENCE
ASSOCIATION INTERNATIONAL

Conference Host, Organizer & Supporter

Faculty of Economics and Business, Universitas Padjadjaran (FEB UNPAD)



Economics & Development Studies
Master of Applied Economics
Faculty of Economics and Business
Universitas Padjadjaran

Host of PRSCO 2013 is Economics & Development Studies (IESP) and Master of Applied Economics (MET) programme, Faculty of Economics and Business, Universitas Padjadjaran.

Founded in 1957, Universitas Padjadjaran is among the top universities in Indonesia. Since its establishment, the university has set the agenda of playing a major role in promoting research toward the more recognition as the world class research and education institution.

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The Indonesian Regional Science Association (IRSA)



Indonesian
Regional
Science
Association

Indonesian Regional Science Association (IRSA) is an academic organization formally established in 1997 to promote research in regional science in Indonesia. It holds an annual academic conference which offers members and other scholars the opportunity

to meet and discuss various issues of regional development in Indonesia and beyond. IRSA and its partner universities across Indonesia have organised 14 Annual Conference (IRSA Conference and IRSA Institute).

IRSA Indonesia Sekretariat

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The conference theme is "Green Growth and Global Recovery: A Regional Perspective". The conference will feature presentations of theoretical or empirical works in the following topics.

No	Topic	Number of papers & posters
1.	Macroeconomic Policies, Global Crisis and Recovery	8
2.	New Perspectives of Regional Science	3
3.	International Trade and Regional Integration	9
4.	Regional Issues in Industrial Development	10
5.	Regional Labor Market Dynamics	6
6.	Regional Development Issues in Southeast Asia and the Pacific	16
7.	Financing Regional Development	9
8.	Poverty, Inequality and Inter-regional Disparity	32
9.	Technical Change, Productivity and Entrepreneurship	4
10.	Green Economy, Green Growth and Sustainable Development	17
11.	Global Warming and Climate Change	4
12.	Natural Resource Management and the Environment	17
13.	Disaster Management	8
14.	Regional Issues in Infrastructure Investment and Social Capital	9
15.	Transports and Connectivity	8
16.	Urban Economics and City Planning	8
17.	Methods and Model Building	11
18.	Economy-wide Models	9
19.	Regional Model and Housing Market	1
19.	National Model and Regional Model Integration	2
20.	Spatial Econometrics	3
21.	Asia-Pacific Regional Development in A Long-term Perspective	3
22.	Special Sessions	18
23.	Sponsored Sessions (USAID - SEADI)	8
	TOTAL	223

PAR-5C: Regional Issues in Industrial Development - Session 3

Session Chair: Erie Febrian, Universitas Padjadjaran, Indonesia; erie_febrian@fe.unpad.ac.id

Location: Room C: Savoy 3

The Effect of Industrial Concentration on The Oligopolistic Conduct in The Food and Beverages Sector

Maman Setiawan

University of Padjadjaran, Indonesia; maman.setiawan@fe.unpad.ac.id

Discussant(s): Shanshan Li (Renmin University of China)

An Empirical Analysis on China's Inter-regional Mobility of Capital

Shanshan Li

Renmin University of China, People's Republic of China; lssgo@hotmail.com

Discussant(s): Alla Asmara (Bogor Agricultural University)

Development of Textile and Clothing Industry Performance and The Influence Factors in Java Economic Corridor

Alla Asmara, Yeti Lis Purnamadewi, Sri Mulatsih, Anggi Meiri

Bogor Agricultural University, Indonesia; yetilispurnama@yahoo.com

Discussant(s): Maman Setiawan (Universitas Padjadjaran)

PAR-5D: Green Economy, Green Growth and Sustainable Development - Session 5

Session Chair: Yayan Satyakti, Universitas Padjadjaran, Indonesia; yayan.cge@fe.unpad.ac.id

Location: Room D: Savoy 4

Impact of Organic Fertilizer and Seed Subsidy to Food Crops Production, Household Welfare, and National Output

Lukytawati Anggraeni^{1,2,3}, Lala Kolopaking^{1,2,4}, Amzul Rifin^{1,2,3}

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Ecology; lukytawati_anggraeni@yahoo.com

Discussant(s): Ryohei Nakamura (Okayama University)

Inter-temporal IO Analysis of Green Growth by Regional Wooden biomass Resource A Case of Maniwa City, Japan

Ryohei Nakamura¹, Hiroki Shibata²

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Discussant(s): Muhammad Handry Imansyah (Lambung Mangkurat University)

Identification of Key Sector in CO2 Emission in Production Perspective of Indonesia: an Input-Output Analysis

Muhammad Handry Imansyah¹, Titi Putranti², Dean Affandi², Maria Tambunan², Nidaan Kafian²

¹Lambung Mangkurat University, Indonesia; ²University of Indonesia, Indonesia; mhandryi@indo.net.id

Discussant(s): Lukytawati Anggraeni (Bogor Agricultural University)

The Impact of Agricultural Investment on Household Income, Sectoral and Regional Economy in Indonesia

Yeti Lis Purnamadewi, D.S Priyarsono

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Poverty and regional disparity are important issues in economic development in Indonesia. The agricultural sector still plays an important role in the Indonesian economy. This sector is the major source of employment as most of the poor people live in rural areas and work in the agricultural sector. In addition, most of the regional economy is still dominated by the agriculture sector but in general the per capita income of the people working in this sector is relatively low. Agricultural investment has an important role in increasing productivity in order to improve household income, regional economic growth, and equity. Investment allocation in Indonesia is biased to the industrial sector and Java Island and most of the agricultural national income is contributed by Java Island. Therefore, the ultimate question of this study is what the impact of investment in agricultural sector on household income, sectoral, and regional economy is. The objective of this study is to examine the impact of agricultural sector investment on household income, and sectoral and regional economy. The multiregional CGE top-down model is an appropriate method to analyze the aims of this study. The Input-Output Table is a primary data used in this study. The main findings are that agricultural investment can encourage sectoral and regional economic growth, and also increase household income. The priority of investment allocation into the agriculture results in the best impact on increasing regional income or Product Domestic Regional Bruto (PDRB) of every province except East Kalimantan. The regions where agricultural sector has the greatest contribution to real PDRB are regions that have higher growth in real PDRB. The priority of investment allocation into the agriculture also results in the best impact on the growth of sectoral output and household income for all income levels, but it has a weak impact on equitable households income distribution (the increase in household income in rural areas is lower than in urban areas) due to large decreases in agricultural commodity prices.

PAR-5C: Regional Issues in Industrial Development - Session 3

Time: Wednesday, 03/Jul/2013: 4:00pm - 6:00pm Location: Room C: Savoy 3

The Effect of Industrial Concentration on The Oligopolistic Conduct in The Food and Beverages Sector

Maman Setiawan

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Indonesian food and beverages industry is characterized by oligopoly structure indicating that there is only a few firms dominating the markets. Structure-conduct-performance (SCP) paradigm suggests that few firms in oligopolistic market tend to collude to set the price and/or quantity. Another competing theory, contestable market theory, suggests that few firms in oligopolistic market may still have a competition regardless the number of the firms as long as there is no barrier to entry. To see which paradigm/theory applies in the Indonesian food and beverages industry, this research investigates the effect of industrial concentration on the firm conduct in the industry.

The effect of Industrial Concentration on The Oligopolistic Conduct in The Food and Beverages Sector*

Maman Setiawan**

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Abstract

Indonesian food and beverages industry is characterized by oligopoly structure indicating that there is only a few firms dominating the markets. Structure-conduct-performance (SCP) paradigm suggests that few firms in oligopolistic structure tend to collude to set the price and/or quantity. Another competing theory, contestable market theory, suggests that few firms in oligopolistic market may still have a competition regardless the number of the firms as long as there is no barrier to entry. To see which paradigm/theory applies in the Indonesian food and beverages industry, this research investigates the effect of industrial concentration on the firm conduct in the industry.

Regarding the limitation of measuring conduct parameter in SCP paradigm or contestable market hypothesis, this research applies the New Empirical Industrial Organization (NEIO) approach in measuring the firm conduct. With respect to the model, this research uses only 5 sectors of the the food and beverages industry for which the sub sectors have the relatively homogenous product as well as have sufficients observations. This research uses the manufacturing survey data of the Bureau of Central Statistics (BPS) for the period from 2001-2006.

This reseach found that the higher industrial concentration, the less competitive the conduct of the firms in the industry, on average. The effect of the Industrial concentration on the conduct parameters varies between sub sectors in the industry. This research suggests the policy maker to foster a competitive environment in the Indonesian food and beverages industry.

Keywords: Oligopolistic conduct, industrial concentration, instrumental variable approach

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