

Title : Import Substitution Industrialisation

Word : 3500

Critical Review

1. Introduction

The present paper is an attempt to provide a critical review of the article entitled 'The Elusive Pursuit of Import Substitution in 21st Century Indonesia.' This paper aims to explore the strengths and weaknesses of proposed article by applying critical lenses on it. The article deals with the implementation of "import substitution strategy". It is the policy of trade and economy that aims at reducing the imports and replacing it with the domestic products of the country (Elvin, 2008).

2. Summary

The researchers have focused on the evaluation of the impact of the policies of "import substitution strategy" on the development and growth of 'intermediate input industries'. This strategy was implemented by the Indonesian government to develop intermediate input industry in the country (James and Fujita 1989). The objective of this study is to establish the development and cost of import substitution strategy (ISS) in Indonesia. The scope of this research includes employment, real value-added over time, labour productivity, import and export. Different methods such as survey, price index of the wholesale and "Trade Analysis Information System" (TRAINS) database have used for data collection. Narjoko & all found that the decision of the government for implementing the import substitution strategy was wrong. These policies could not get the desired objectives. This research has provided arguments about the experiences of different countries that deployed this strategy and, the results show that there was a negative impact of this strategy in developing intermediate input industry. The econometric analysis of the present research shows that close trade regime aimed at enhancing the development of industries but, it has reduced the performance and growth of the industry, therefore, the study has suggested that there should be implantation of open trade regime which helps in promoting the industries (Narjoko & et al., 2018). After performing research, the researchers have concluded that the decision for implementing import substitution industry was not helpful for intermediate input industry and a better approach is foreign presence for the investment in these industries because since 1990 these foreign investors help in the growth and development of industries in Indonesia (Narjoko, 2014).

3. Critical Review

This section deals with the evaluation of selected article through critical lenses. The title of the article is fully justified. It indicates what the author is going to explore in this study (Wallace and Wray 2016). The researchers have discussed an important issue for the industrial development of the country. Narjoko & all have evaluated whether the import substitution strategy is beneficial for the development of industry or not. No doubt, the study is very informative in this regard, but the research provides information only for a specific country of Indonesia (Persky & et al., 1993). So the research is more advantageous for Indonesian industrial development because it lacks the information and evidence which could be implemented internationally (Suryadinata and Siddique1981).

This research article did not include a literature review, and the study could not explain the previous researches in this regard (Mallett, 2004). The researchers have discussed in the article about various theories and experience of many countries which have shown the negative impact of the implementation of import substitution policies but, the researchers did not specifically mention the researches which could support this argument of the researchers