

## The role of fdi and rural-urban migration in the future of indonesian economic growth / Iwan Jaya Azis, Ari Kuncoro

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Deskripsi Lengkap: <https://lib.ui.ac.id/detail?id=20451765&lokasi=lokal>

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### Abstrak

Studies on total productivity in developing countries are scarce, primarily due to the absence of capital stock data, forcing them to use some assumptions to proxy capital stock. These studies are basically static in nature, using the residual to measure productivity, ignoring feedback interactions likely to occur when there is an increase in productivity, i.e., capital formation augments when productivity increases, or "inspiration gives rise to more perspiration" (Hulten and Srinivasan, 1999). But more seriously, studies on TFP tend to be distant from actual policy environments because they fail to embrace the economy-wide impacts of the changes in productivity. Many policy trade-offs are excluded and hence overlooked. Studies on total productivity in developing countries are scarce, primarily due to the absence of capital stock data, forcing them to use some assumptions to proxy capital stock. These studies are basically static in nature, using the residual to measure productivity, ignoring feedback interactions likely to occur when there is an increase in productivity, i.e., capital formation augments when productivity increases, or "inspiration gives rise to more perspiration" (Hulten and Srinivasan, 1999). But more seriously, studies on TFP tend to be distant from actual policy environments because they fail to embrace the economy-wide impacts of the changes in productivity. Many policy trade-offs are excluded and hence overlooked.