

LOVING THE DOMESTIC PRODUCT AS A MANIFESTATION OF STATE DEFENSE IN GLOBAL ERA

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Abstract – The background of this paper is the fact of social, economical, and political change of Indonesian in the Reform and global era. It Includes changes in the context of defending state which in the past it was understood only as a military activity. The defending of state nowadays has a broader meaning in economic, social, and cultural context. The defending of state in the context of economy is more commitment to consume national products than to consume foreign product. Therefore, the purpose of this paper is to analyze the problems of defending the state in the economic context that involves people's habits of favoring foreign products, the impact of consumption patterns on selecting external products to foreign exchange reserves, and strategies that can be built to make people prefer national products. The method used in this paper is literature study that is studying references or previous studies related to this issue, and in-depth discussion with relevant sources. This has been done to confirm or improve an understanding the topic being written. The results of this studies are in the form of conclusions and recommendations to build the pattern of public consumption to prefer national products rather than foreign products.

Keywords: state defense, national product, foreign product

Introduction

Defending the State is intended as an effort to foster the spirit of patriotism and love for the country to all Indonesian citizens². This means State Defense are the steps to develop the values of willingness to sacrifice for Indonesia. This is important

because in the era of globalization, the flow of information and external values comes in swiftly and influences people's behavior.

However, that which needs to be understood is that State Defense in the contemporary context does not give priority to conscription, but prefer the dimensions of creativity, social media, and

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² Yudono Yanuar Akhmadi, "Bela Negara Dilanjutkan, Jokowi ingin ada Unsur Kekinian", <https://nasional.tempo.co/read/894758/bela-negara-dilanjutkan-jokowi-ingin-ada-unsur-kekinian>, accessed on October 18, 2017.

educational entertainment events. Furthermore, State Defense movement involves the Creative Economy Agency. This is to follow up the meaning of the concept of State Defense in a more modern non-military context. The legal basis of State Defense is regulated in the 1945 Constitution.³

- a. Article 27 paragraph (3) all citizens shall have the right and obligation to participate in the state defense.
- b. Article 30 paragraph (1) every citizen shall have the right and obligation to participate in the defense and security of the state.

Every citizen of Indonesia regardless of tribe, beliefs, race, and religion have the same responsibility to guard NKRI. As mentioned above, especially in this global era, threats to Indonesia intensively and diverse dimensions ranging from, dimensions, politics, culture and economy.

The strength of the global economy poses a serious threat to the sustainability of Indonesian economic actors, especially small and medium-sized businesses. They are unable to compete with the invasion of more competitive external economic forces. In this condition Indonesia is faced

with free competition which becomes an important part of this global era. In this case, the government cannot necessarily prohibit the entry of imported products to the domestic market, because it can be considered to violate the free market which is a universal value in this global era. The alternative is to urge the people of Indonesia to consume more national products rather than foreign products. Loving more of national products is a manifestation of defending the country in the present era.

In line with the love for national product, Department of Industry and Trade, South Borneo conducted a study on the importance of using domestic products. According to this study, in order to empower domestic consumers, motivational steps is required. Through this motivation, Indonesian are expected to love national products or commodities rather than foreign products. There are at least two ways that to form a community commitment to better use national products. The two paths consist of: (1) Aspects of nationalism of the Indonesian society. (2) Aspects of rationalism of the Indonesian Society.⁴

³ Resident School, "Dasar Hukum Bela Negara" (State Defense Legal Basis), www.sekolahpenduduk.com, accessed on October 18, 2017.

⁴ Syahrutuah Siregar, "Pentingnya Memakai Produk Dalam Negeri", Socialization of Domestic Product Improvement, South Kalimantan TA., 2011, *Disperindag* South

According to the study above, the nationalism side causes a person to prioritize the consumption of national products rather than foreign products that becomes an alternative for the fulfillment of their needs, due to the motivation/pride to seek the best benefit for the nation. This type of consumer is certainly very profitable for the development of national production. However, assuming that the citizens who make it possible to apply this shopping ideal are those who have more economic strength to choose a product, such as the middle and upper social group. Meanwhile, lower middle-level social group does not have the option to fulfill their consumption satisfaction because of their limited budget.

As discussed in the study above, efforts to improve nationalism requires steps that are persuasive, propaganda and educative. Persuasive efforts are made with sympathetic approaches and attract people to be more interested in buying national products. Further efforts to increase public consumption of national products can also thorough propaganda or promotion. The related parties convey the advantages of national products. It

should also be conveyed that buying national products means strengthening national market which in turn has a positive impact on national economic growth. Furthermore, increasing the consumption of national products can also be done through education. This is important because as a matter of fact the quality of Indonesian products is not inferior to foreign products. In fact, the above study confirms that some of the international community is looking for Indonesian domestic products from "U" companies such as soaps, shampoos and other home dated needs. But ironically Indonesian society are more interested in consuming these foreign products.

Furthermore, rationalism tends to causes one to tend to place their choice on the products it uses based on a more realistic view. Given this fact, the commitment to use domestic products is not enough to grow only with propaganda. Efforts to increase the use of domestic products for these realistic communities include the following aspects: (1) improving the quality of domestic products; (2) competitive pricing; (3) propaganda.⁵

Kalimantan Province, July 26, 2011, at Banjarmasin

⁵ Syahrituah Siregar, *op.cit*

However, it does not mean that importing a product is seen as something that is wrong because in some cases importing some commodity is required to fulfill the necessity of the citizens. So, import is to fulfill the commodity that cannot be met by national market. Import in this case is an effort to resolve the scarcity of a commodity, not to compete with national commodity. Consuming foreign product in some cases does not go against State Defense which we're discussing.

Below is discussed the assessment of import policy of certain commodity or product to fulfill national necessity. In 2015, Center of Foreign Trade, *Deperindag*, conducts a study regarding the effectiveness of the trade product import in order to stabilize price. In this discussion a note of the government's position importing as a last resort if a commodity needs cannot be met by producer or farmers of the state. Which mean the government is protecting the national industrial and farmer groups, but on the other hand Law number 7 of 1996 dictates that the government guarantee the food rights of every Indonesian citizens.⁶ Thus the government stands in two sides.

The balance between the interest of the producer and the consumers becomes a concern to the government. In this case, if the government is importing beyond the necessity then the price of a commodity will drop. If this happens, then the producer in this case the national industry and the farmer will be at a disadvantage due to the policy. In this case, the amount of product or commodity is abundant in the market by itself will make the price "drop."

Involved government guarantees the rights to food of every citizen united in the little people to receive food for their livelihood. The availability of food including the aspect of sufficiency of the food and the guaranteed quality. The insufficiency of national product forces an import policy towards said food product. In other words, the main purpose of the import policy is to guarantee the price and availability of national product.

Studies about this foreign trade policy concludes that the mapping of policy towards four food products (Rice, soy, sugar, and beef) shows that the government's policy especially the policy of the Ministry of Trade is more towards sugar and rice compared to beef and soy.

⁶ *Ibid.*

Which means the survey of public necessity of sugar and rice is much higher than beef and soy.

Furthermore, the study of import policy also notes that in the case of rice and sugar products, import policy is not effective in reducing the fluctuations of prices. This can be caused by import timings that are often late when the price is already rising. While the import response, takes between 2-3 months to affect the price of a commodity that has already jumped. In order for these two imported commodities to be effective in reducing price fluctuations, the needs of each month of the year should be estimated in advance and import permits are given at least 3 months prior to the season of famine which could potentially raise the price.

This late timing of imports needs attention from all the parties. This means that the bureaucracy policy in the import product licensing sector needs to be addressed. Perhaps this has already been addressed, but it needs to be further improved. This is to accelerate the implantation process not only for sugar and rice commodities, but for all commodities. On the other hand, business

actors also need to anticipate well so as not to be late in importing sugar and rice. Business actors meant are not only the private sector, but also business actors or price stabilizers from the government such as *Bulog* or BUMN related.

The problem of this study is the behavior of Indonesian consumers who do not love national products. As is known that most people in Indonesia today prefer to consume foreign products rather than national products. Although the quality of products in the country is not inferior to foreign products. This is something of a concern. This condition occurs because the people of Indonesia lacks confidence in local brands. They already think that foreign brands are better than domestic brands. If traced further, this lack of self-confidence is due to the old Indonesian society under colonial rule⁷. Thus, although 72 years of independence the mentality\as "*inlander*" was still attached to the people of Indonesia.

In line with the above consumption pattern, advances in the level of public consumption until the third quarter of 2017 is less encouraging. This is reflected in the slow growth in retail sales in the

⁷ Novita Intan Sari, "*Merk Indonesia diakui dunia, masyarakat malah suka barang import*",

<http://www.merdeka.com>, May 15, 2015, accessed on September 21, 2017.

second quarter of 2017 which only grew 6.7 percent. This growth rate is of course lower than the second quarter of 2016 where retail sales grew by 7-8 percent.⁸ This condition has a negative impact to the producers especially the national industry because demand decreases and if it is prolonged it means that it slows the wheel of the national economy.

In relation to the above issues, a number of questions are asked: (1) What drives the public to buy foreign products instead of national products; (2) What is the influence of consumer behavior of Indonesian who prefer to buy the foreign product?; (3) What strategies needed to developed a motivation of the people to prefer national products?

Related to the above, the purpose of this study is to discuss the behavior of Indonesian consumers who love foreign products and strategies that may be formulated to motivate the behavior of Indonesians to love national products more.

Research Methodology

This study was conducted through the systematic research methods. The

research method begins with the determination of a theme that was then pursued into a title. This was followed up by the collection of data and information conducted through literature study and discussion with speakers because information and views on various references needed to be confirmed to the speaker and also to collect inputs from the speaker. The next step is processing data and information that has been collected. In this stage the categorization of data and information is followed by the synthesis and analysis of the findings during the data collection. Finally, all this is followed up by the making of narrative so as to form a study report. Some of the articles with similar themes are used as references in this paper.

Sam Pryke (2012) in his article titled Economic Nationalism: Theory, History and Prospect explained that nationalist nationalism or nationalist economy should be understood as a policy to build, encourage and protect the national economy from the expansion of foreign product domination as implications of

⁸ Moh. Nadlir, "Konsumsi Masyarakat pada Kuartal III 2017 Berpotensi Melemah," <http://ekonomi.kompas.com/read/2017/07/21/0>

92617226/konsumsi-masyarakat-pada-kuartal-iii-2017-berpotensi-melemah, accessed on October 4, 2017.

increasing world market pressures.⁹ Thus, the values of nationalism such as the love of local and national products become necessary in an open era such as the ASEAN Economic Community (MEA).¹⁰

In Pryke's understanding above, the concept of nationalist economy as a state intervention on the economic sector to protect the national market from foreign product invasion. This is seen as an effort of national interest, but on the other hand, it can be understood as a protective measure that is judged to be contrary to the spirit of free market or trade liberalization as mandated by the WTO. Furthermore, such policies may be categorized as non-tariff barriers or non-barrier trade. Such a policy is not popular or opposed by the international community. This is because on the one hand the government needs to protect the national products, but on the other hand the government also needs to take into account the views of the international community who disagree with the protectionist policies.

As it is known that modern society living in this millenium era is under a global regime that has characterized liberalization of the flow of goods and services between countries in the world. However, the global regime cannot be avoided, it should not be left alone as it will harm the national interest, especially the small and medium industries. So, it is necessary to maintain a balance of interests between national interests and global interests. Here, the government challenged to formulate it wisely.

“After World War II, American, British, and émigré intellectuals suggested that the rise of globalism would define the post-war world order”.¹¹

The emergence of globalism was the backdrop of the Second World War that has ravaged the world and caused a tremendous humanitarian tragedy. Therefore, the leaders of the war-winning countries are seriously thinking about trying to prevent the onset of World War III by establishing a controlled international system which further grows

⁹ Sam Pryke, “Economic Nationalism: Theory, History and Prospects,” *Global Policy*, Volume 3, Issue 3, September 2012.

¹⁰ M.Akbar, 2016, “Semangat Nasionalisme Dibutuhkan untuk Hadapi MEA,” <http://nasional.republika.co.id/berita/nasional/umum/16/08/21/oc9oic336-semangat->

nasionalisme-dibutuhkan-untuk-hadapi-mea, accessed on September 12, 2017.

¹¹ Rosenboim, “Globalism and Nationalism: Why Interconnectedness Does Not Threaten, Sovereignty,” *Foreign Affairs-Magazine*, <https://www.foreignaffairs.com/articles/2017-07-10/globalism-and-nationalism>, accessed on October 11, 2017.

into an international order known as the global order or globalism regime.

Hopefully, such international system would be easier to eliminate the emergence of countries that have the potential to encourage the occurrence of world war. The spirit of the global regime is to control each other's strength, especially the power of the countries of the world. In this case, technology becomes its instrument. Therefore, the state with the most advanced technological ability is superior in the context of mutual control of this power. For example, the power of a country's satellite technology can detect a country's military equipment in terms of quantity, quality, location and destructiveness.

“Thinkers ... identified increasing interconnectedness throughout the world, including in technological, cultural, and economic terms”.¹²

This global order has distinctive features in accordance with the social changes and developments of the international system. The features include worldwide interconnections in technology, culture, and economics. In the global order, there is no region in the world that is not connected to all three areas. In other word, in the era of

globalization no country is really isolated from international relations because all countries are connected by communication and information technology. The problem is an attempt to address this interconnection properly so as not to harm the national interest.

Interconnection in economy as mentioned above of course brings its own consequences for a country. Interconnection in economy gives consequences to a country's free market policy or economic liberalization. The domestic market should not be covered by the presence of products from other countries with all the risks. For example, the products of small and medium industries of a country will be unable to compete with products from the foreign industries.

Here are differences of interests that need to be addressed correctly. The global regime does indeed want economic liberalization, however the government that is grounded in the nationalist economy is unwilling to be asked to absolute depoliticize the market. If this happens, it might as well letting a weak national industry market "controlled" by

¹² Rosenboim, *op.cit*

foreign economic actors or international corporations.

The notion of a nationalist economy formulates a variety of economic policies, but actually has a major commitment to the values of nationalism. Therefore, the notion of a nationalist economy is committed to national sovereignty. It is not surprising that governments that rely on nationalist ideology tend to be sensitive to matters related to sovereignty.

The consequence of the government is based on the understanding of the nationalist economy will take protective measures when the condition of imported products is too much in the domestic market and make the domestic product not sovereign in the domestic market or is not sovereign at their own home. However, government policies need to be taken into account not to be "arbitrary," or not to cause negative reactions from certain international or country communities who feel disadvantaged by the policy. Thus, diplomacy is needed for countries that will accept the risk of losses due to a policy to protect the national interest.

Discussion

Facts on Indonesian Trade of 2015

The facts about the State Defense in economy today is interpreted as a behavior that is in favor of the national economic interests. In the context of a State Defense society is a behavior that benefits the national economy, for example the attitude of choosing to consume more national products rather than foreign products. However, it should also be recognized that not all national products are of good quality compared to foreign products. Thus, this fact also needs to be considered in formulating a trade policy. Which means protection is given to domestic products that already meet the standards of the product of goods in accordance with the quality that has been determined. On the other hand, domestic products that do not meet the specified product quality standards, are coached and at the same time, imported faucets for similar products are permitted. This is necessary so that people can still consume or buy quality products.

As an effort to control imported products, by 2015, the government has adopted a policy to raise import duties on imported goods through the Ministry of Finance (MoF), in which the commodities entering Indonesia are finished goods or

consumer goods, namely food, beverages, clothing, vehicles, and musical instruments¹³. The import tariff import duty regulation is stipulated in Minister of Finance Regulation No. 132 / PMK.010 / 2015, regarding the establishment of goods clarification system and the imposition of import duty tariff on imported goods. This rule is effective as of July 23rd, 2015.

List of goods whose import duties are raised ¹⁴ :

1. Imported Coffee import duties is raised to 20%.
2. Imported Tea import duties is raised to 20%.
3. Imported Sausage becomes 30%.
4. Processed or preserved meat import duties becomes 30%.
5. Fish with import duties averaging 15%-20%. Sardines and Salmon is 15%, while tuna is 20%.
6. Confectionery does not contain average cocoa import duties of 15% - 20%. For example, imported gum 20%.
7. Bread, pastries, imported biscuits 20%.
8. Vegetables are preserved 20%.
9. Ice cream and other edible ice contain both cocoa and not 15%.
10. Fermented beverages from fresh grapes include a fermented beverage that is reinforced to 90%.
11. Piano includes automatic piano, upright piano, 15% grand piano.
12. Body beauty equipment import duty tariffs to 10-15%.
13. Kitchen utensils, tableware, other household appliances and toilet equipment from plastic to 20% -22.5%.
14. Bags and accessories bags 15-20%.
15. Clothing and leather clothing accessories 12.5% -15%, while from leather 15% -20%.
16. T-Shirt, singlet, knitted and other knitted shirts to 25%.
17. Used clothing and other used goods to 35%.
18. Kutang, knitted corset or not import duty to 22.5% -25%.
19. Wigs, beards, eyebrows, false eyelashes and the like from human hair or 15% animal hair.
20. Hygienic or pharmaceutical goods (including pacifiers) from rubber such as condoms and bottles of imported beverages to 10%.
21. Jewelry and parts thereof of precious metals or of metal clad with imported

¹³ Maikel Jefriando, "RI Impor Barang Konsumsi Hingga US\$ 1,03 Miliar/Bulan", <http://finance.detik.com/berita-ekonomi-bisnis/2975545/ri-impor-barang-konsumsi->

[hingga-us-103-miliarbulan](http://finance.detik.com/berita-ekonomi-bisnis/2975545/ri-impor-barang-konsumsi-hingga-us-103-miliarbulan), accessed on October 12, 2017.

¹⁴ *Ibid.*

precious metal subject to import duty to 15%.

22. Refrigerators, freezers imported to 15%.
23. Motor vehicles for the transport of 10 or more persons are subject to import duty to 20% -50%.
24. Cars and other motor vehicles designed for the transport of persons are subject to import duty tariffs to 50%.

The data above shows that most of the above commodities can be produced domestically. Which means that the commodity has been produced in Indonesia. The existence of imported products is a threat to similar commodities produced by national industries. In the midst of people who are more proud of consuming imported products. Therefore,

measures or policies to respond to it are needed as a solution to address the concerns of national producers of the threat of imported products.

The policy of controlling or restricting imported products as a manifestation of the Government's siding to the people, especially among domestic businessmen threatened by the number of imported products. The government seeks to give space to national producers to sell their products, without this policy national producers may not be able to compete with foreign producers. It is not solely that the national product is less qualified than the foreign product, but rather the culture of the people who are more proud of imports despite the low quality.

Table 1. Import Value according to State of origin (Million US\$) of 2015¹⁵

No.1	State	Amount
ASEAN	ASEAN members	38.794.9
Other Asia	Japan, China, South Korea	51.101.6
Afrika		3.739.2
Australia & Oceania	Australia And New Zealand	5.480.2
USA-NAFTA	US, Canada, Mexico	9.400.1
Europe		11.282.8
Total		119.796.28

Source: Processed for BPS Institute of Statistic 2017

¹⁵ BPS, "Laporan Ekonomi dan Perdagangan", Badan Pusat Statistik (BPS) 2017, in https://www.bps.go.id/all_newtemplate.php#a

ccordion-daftar-subjek2, accessed on October 16, 2017.

From the description of the table above, it observed that Indonesia imports from several regions. Import from ASEAN is 38.794.9 (million US \$), from Other Asia are 51.101.6 (million US \$). In this other Asian region viewed from each nation, Indonesia's largest import is from China which reached about 29,410.9 (million US \$),¹⁶ while Indonesia's smallest imports are from the African region 3,739.2 (million US \$). Indonesia's trade fluctuations are significant. The value of Indonesian imports in June 2015 was US \$ 12.96 billion, up by 11.63 percent compared to May 2015. However, when compared to June 2011 imports realization fell to 17.42 percent.¹⁷

Discussion on Trade Facts of 2015

Continuing from the facts in the previous section that some Indonesian importers bring goods that have been produced in Indonesia. This policy reflects some entrepreneurs only think of the benefits without considering the economic development of Indonesia. The impact can disrupt the domestic market. In other words, some Indonesian importers have a "lack" of nationalism. Therefore, the Government logically intervenes to stem

the efforts of importers who only think of these benefits by issuing a policy to increase import duties on imported goods as stated in the Minister of Finance Regulation No. 132/PMK .010/2015.

In the understanding of nationalist nationalism or nationalist economy any policy taken by the government is to develop, promote, and protect the national economy. Thus, the government's policy to control imports by 2015 is also inseparable from those considerations. The government is concerned with the development of the domestic economy because some employers or importers do not care. In this case the Government is responsible for economic stability and growth. In essence, the Government plays a role in securing the national economy.

Thus, the Government's policy of 2015 raised the import duties to protect from invasion of products of the global economy, especially China, which dominated the domestic market at the time. It makes the global economic products especially China have higher selling point. Consequently, similar products produced domestically will be

¹⁶ *Ibid.*

¹⁷ Safyra Primadhyta, "Impor Indonesia Naik 11,63 Persen Selama Juni 2015," CNN Indonesia, <https://www.cnnindonesia.com/ekonomi/2010>

715131030-92-66532/impor-indonesia-naik-1163-persen-selama-juni-2015/, accessed on October 16, 2017.

able to better compete because the relative price becomes cheaper.

This kind of action is of course rejected by countries that understand free trade because this policy is seen as a protective measure to protect national products from the country involved. However, in fact this kind of action is also often done by countries that claim to support the free market, only with arguments that seems rational. They take refuge behind the argument of conformity with environmental principles, human health, safety/security and certain elements deemed incompatible with the agreed trade standards. Thus, protective policies need to be accompanied with rational and subtle arguments. In such cases, Indonesia needs to learn from the countries that are used to doing it.

Meanwhile, there are reasons that encourage people to prefer foreign products. This includes two things, as mentioned in the previous section, namely: aspect of nationalism and rationalism of Indonesian society. The sense of nationalism consumption has not grown in Indonesian society. The mental attitude of Indonesians who prefer

foreign products is influenced by aspects of national and historical character.

In this case, the national character is understood as an expression of the collective self-perception, sensitivity, behavior of individuals living in the modern state. Thus, the national character can also be understood as the perspective, values, behavior of a society in general. "National character is an expression which describes forms of collective self-perception, sensibility, and conduct which are shared by the individuals who may be a nation-state".¹⁸

The national character of Indonesian society is described as stereotype, as below, although not entirely correct, but some values or habits are considered to be relevant with the reality of Indonesian society's behavior, in their daily lives.

"Indonesians—fearful; neurotic; extroverted; conscientious; warm and friendly people; lazy; live for today – who cares about tomorrow; no planners; religious; family-oriented; supportive; invented the rubber-time/rarely on time; corrupt; superstitious; slow; inferior; polite; lacking discipline; use feeling not logic; do not follow rules; hypocritical; resistant to change; tolerant; low profile; unwilling to confront or give 'bad news'; silent in meetings; can't swim".¹⁹

¹⁸ A.P. Frogner, Tilly C (ed.), *The Formation of National States in Western Europe*, (Princeton, NJ: Princeton University Press, 1975).

¹⁹ Christian Scoda, "55 Nations – Stereotypes that will Ruin or Make your Day", in (<http://www.nomad4ever.com/2007/11/26/55->

There are some values above that are considered to represent the behavior of some Indonesian. For example, inferiority or low self-esteem makes Indonesian prefer foreign products rather than domestic products. This proves the assumptions conveyed in the previous section where this inferior mentality relates to the history of ancient indigenous people under Colonialism. As a result some Indonesian believe that everything from overseas is more "cool." Consequently, they also believe that the products are better quality than national products.

Furthermore, the extrovert attitude of Indonesian society also influences the tendency of preference to buy foreign products. Extroverted Indonesian society makes itself open to foreign products. This attitude actually in the context of social life is all right because part of the potential of social interaction within a particular society or social system.

However, an extrovert attitude within the economic context certainly brings consequences to the principle of loss. In the context of economics the attitude of extrovert which leads to openness to buy foreign products is

considered not good even though it is hard to consider it to be guilty. In the economic context, buying foreign products pushes the losses to the national economy. Buying foreign products means benefiting other countries' producers, while buying national products means benefiting national producers.

Another characteristic is tolerance that also brings social and economic consequences. A tolerant attitude in the context of social interaction is of course positively assessed. A tolerant attitude to differences of opinion, respect for others, and not imposing personal will on others. In a social system where the majority of people are tolerant, the potential for conflict is very small because each individual will try to adapt to different decision-making, common interests, common problems, and situations involving life in general.

In the context of global economy or trade, tolerant attitude is seen to have an impact on profit and loss. Tolerance will accept the presence of other countries' products in the domestic market. Yet the foreign products will compete with national products. It is true, in the free market perspective the competition

nations-stereotypes-that-will-ruin-or-make-your-day/, accessed on October 16, 2017.

between national products and global products will benefit consumers. In the consumer gets a large selection of products and gets goods with good quality and more competitive price. However, the presence of foreign products is often detrimental to the national economy as it benefits the producers of other countries, not to domestic producers. Whereas domestic producers are part of the national economic structure in which the national economic power also affects the level of welfare of the community or individuals living in the country.

Furthermore, the following will be discussed the influence of consumer behavior of Indonesian who are more fond to buying foreign products on the resilience of national foreign exchange. However, both cannot be separated from each other because of the strong correlation between the two. Therefore, an examination of it is considered important to do.

The understanding that is developed is that import policy has a relationship with the foreign exchange reserves of a country. In this case, the ability to import of a country is determined by the ability or

capability to produce goods that compete with foreign goods. Thus, the quality of the product and the consumption pattern of the community is decisive. The society that consume many national products will secure the country's foreign exchange so it also has adequate import ability. In contrast, the consumption of people who prefer imported products means that they do not participate in securing the country's foreign exchange well, nor do they support the import policy on products that have not been able to be made domestically.

In addition, a company that imports will require a larger amount of foreign exchange to pay for the transaction.²⁰ Consequently, adequate foreign currency reserves are required for such enterprises, in particular the dollar as an internationally recognized means of payment for international transactions. From the description above, it is clear that there is a correlation between the national foreign exchange with the ability of national producers to compete with foreign goods or products. Discussions about competitiveness are not only about the quality of goods, but also about the commitment of consumers to the national

²⁰ Reny Agustina, "Impor, Nilai Tukar Rupiah, dan Tingkat Inflasi terhadap Cadangan Devisa

Indonesia", *JWEM STIE MIKROSKIL, Jurnal Wira Ekonomi Mikroskil*, Vol. 4, No. 2, October 2014.

product. In many cases, Indonesian national products already have high quality, but Indonesian consumers still have more foreign products. This is not only about the quality of the product, but also related to the mental of the consumer.

As long as Indonesian consumers are still not interested in national products or prefer foreign products, this will hinder the strengthening of national reserves. The money available in the community is widely used in transaction at the international trade to meet the needs of imported goods. As a result, the foreign exchange reserves possessed are constantly being used so that they are spent abroad instead of circulating domestically. Yet if that flow of money occurs in the country it will encourage economic growth.

The picture of the relationship between the exchange rate on foreign exchange reserves is that more foreign currency or foreign exchange held by governments, corporations, and residents of a country, the greater the country's ability to perform international economic and financial transactions and the stronger the value of the currency. In

addition, with the higher exchange rate of the country's own currency, indicates that the stronger the economy of the country involved, so as to obtain more foreign exchange.²¹

In addition to exchange rates it can also affect foreign exchange reserves, a strong exchange rate can also suppress inflation rate. If the prices of goods and services sector tend to increase, or also called as inflation, it will hamper economic activity in the country involved. Therefore, to prevent the increase of inflation, the amount of currency in circulation must be in accordance with the needs, so that the stability of the exchange rate can be maintained.²²So, the attitude of the people who buy national product is the attitude of securing the country's foreign exchange and keeping inflation. This attitude by itself is also considered as an attitude of State Defense in the financial sector.

Furthermore, this section discusses strategies to reduce consumer behavior who chooses foreign products. Policies are needed to build community commitment towards national products as part of the global defense. There are at least two ways to form a community

²¹ *Ibid.*

²² *Ibid.*

commitment to better use domestic products. Both paths consist of: (1) Developing a nationalism in consuming. (2) Developing the rationalism of Indonesian. But from the producer side, also an integrated effort to adjust the Love national product policy. This includes: (1) improving the quality of domestic products; (2) competitive pricing; (3) propaganda or promotion of product superiority.

Government can make policy to develop nationalism in consumption. Because shopping nationalism concerns the culture or character of a nation, the government needs to socialize the values of love national product early on to their children through the education of families and schools. The results of this policy are not visible in a short time, but it'll take up 10 to 20 years because it is not easy to develop a nation's character without the sincerity and seriousness of the government and community support.

Other development agencies that need to be empowered to develop nationalism in consumption are leaders of religious institutions, leaders of customary institutions, and non-governmental organizations. A number of these institutions have a strategic role in the midst of society. Obedience of the people

to their religious leaders cannot be doubted. Therefore, their role in helping the consumption nationalism program will determine the success of the national movement program. The social structures based on patron-clients in indigenous and remote communities also need to be considered the special role of customary leaders or tribal leaders. The opinion of the leaders of these *adat* or tribal leaders became the public opinion of indigenous peoples or members of the tribes in Indonesia.

Through education, people are invited to be rational in consuming. Indonesian are often consuming without planning and do not give priority to rationality consuming. Things like alleged stereotypes in the previous section (no planners and use feeling not logic). It is common knowledge of Indonesian when shopping they tend to purchase unnecessary items, but only because they like it. Apart from that, Indonesian are often portrayed as being bigger pegs from the stake. This means that Indonesian when they want to buy a product they do not take into account their ability to pay or tend to indulge their taste. The involved without measuring his ability to pay so often stuck on a default on credit items that are not necessarily required.

Actually, this error is not entirely on the consumer side, but also caused by the excessive manufacturers in luring buyers. The suppliers of goods persuading buyers by inviting potential buyers through the purchase of credit with front money and installment is relatively affordable although with the risk of lengthy installment time. There is an indication of some kind of trade war among producers. For example, this happens in the automotive and property industries. They are competing to capture by all means and strategies. They offer bonuses and rewards that make prospective consumers who are generally not rational tempted to buy products that turned out beyond their financial capability.

On the other hand, industrial and agricultural producers in Indonesia also have to improve themselves so that their product are in demand by their own nation. This is done by improving product quality. Actually, in some cases the quality of Indonesian products is no less competitive with foreign products. But in general, the national product still needs to be improved, its packaging, and its supply sustainability.

Furthermore, Indonesian producers also need to review the production process so that the cost of production can

be suppressed which ultimately the selling price can be more competitive with foreign products. To keep in mind the culture of Indonesian always wants to purchase at an affordable price, sometimes regarding quality as number two, especially among the lower middle class.

Finally, Indonesian producers also need to manage promotional elements correctly. Many Indonesian industries or producers are not giving enough attention to the marketing element, especially the home industry or small industries. In fact, in modern management, promotion or marketing division has a strategic role in promoting the company or the ability to sell a product.

Thus, government intervention and consolidation by national producers will have a positive effect on the behavior of Indonesian consumers to purchase national products. This is important in the global market era. Furthermore, the attitude of purchasing national products as part of the attitude of State Defense because in it there is an element of benefit to the national economy. By buying a national product then someone actually has defended the country in the global era.

Conclusion

State Defense in the contemporary context does not give priority to conscription, but prefer the dimensions of creativity, social media, and educational entertainment events. Such a state defense are the concept of civil society in which the people do not defend the state through military means. Moreover, threats in the present are not always in the form of military threats. Thus, the concept of State Defense in the context of civil society is more relevant to the values of civil society developed in the reform era and in accordance with the threat to the existence of Indonesia that is not always in the form of military threats. The threat to the existence of Indonesia in the reform era or in this global era is also in the form of economic threat.

Building the values of loving domestic products is also part of the values of state defense in the global era. This synergy between the government and the community in making efforts to build the love of domestic products. The state's defensive target in economy is to change the consumption pattern of Indonesian from consuming foreign products to consuming domestic products. This is of course not easy to do and contains both internal and external

challenges. Internal challenges include attitudes of the people who are already accustomed to consuming foreign products, low quality or high quality of some national products. Meanwhile, the external challenge is the negative reaction of the disadvantaged countries with the adoption of trade policy to protect the domestic products.

If we're not careful in this era of global market economy, the presence of foreign products is a serious threat to the sustainability of Indonesian economic players, especially small and medium business actors. They are not able to compete with the invasion of external economic power that is more competitive and in terms of price and quality.

This global order has distinctive features in accordance with the social changes and developments of the international system. The features include worldwide interconnections in technology, culture, and economics. In the global order there is no region in the world that is not at all connected by these three areas, in other words in the era of globalization there is no remote country all the countries are connected. It's just that the problem is the effort to address this interconnection correctly so as not to harm the national interest, especially the

national small and medium economic actors.

Interconnection in economy as mentioned above will of course brings its own consequences for a country. Interconnection in the economy gives consequences to free market policies to a country or economic liberalization. The domestic market should not be covered by the presence of products from other countries at all costs. For example, products from small and medium industries from a country will be less competitive with products from large industries from other countries.

There are differences of interests that need to be addressed correctly. The global regime does indeed want economic liberalization, however, the government that is restricted in the nationalist economy is unwilling to have to absolute depolitication of the market. If this happens, it might as well let a weak national industry market be "dominated" by outside economic actors or global corporations.

However, it should also be recognized that not all national products are of good quality compared to foreign products. Thus, this fact also needs to be considered in formulating a trade policy. Which means protection is given to

domestic products that already meet the standards of the product in accordance with the quality that has been determined. On the other hand, domestic products that do not meet the specified product quality standards are carried out through coaching and at the same time imported faucets for similar products are permitted. This is necessary so that the people can still consume or buy quality products, but on the other hand also do coaching to certain products to improve the quality standards.

Therefore, several recommendations are proposed through this study. This is as a step so that the Indonesian can relevantly defend the State in the global era, especially the State Defense in economy. It includes steps or strategies that are subjective and objective for the Indonesian to love more or consume domestic products rather than foreign products. The strategy consists of ie:

1. Subjective Strategies

- a. Develop nationalism consumption.

Indonesian needs to arouse their sense to nationalism in consumption. Socialization of the importance of buying national products rather than foreign products. This socialization is

done in synergy between government and society.

- b. Building rationalism (logical) Indonesian in buying products. Indonesian need to be invited to be logical in consuming. In this case, the information that certain Indonesian products are also not inferior to foreign products is proven objectively and responsibly. If the quality is the same between national products and foreign products then as Indonesian they should buy national products. It is done as a step to defend the national industry or part of the state defensive step.

2. Objective Strategy

However from the producer side, also an integrated objective effort to adjust the policy of love for national product.

- a. Improving the quality of its products. This is important to make people willing to consume national products. If the
- b. quality can exceed the foreign product, but if not at least equal to the quality of foreign products.
- c. Competitive pricing. The price of the domestic product should be lower than the foreign product because there is no shipping or transportation cost for a product. As mentioned above, if the

national product can be cheaper, but if not, at least the same price with the foreign product.

- d. Implementation of propaganda to love of domestic product or promotion. This is important to make people more familiar with domestic products. They will know more about the advantages of national products. A strong promotion will steal the attention of Indonesian consumers.

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