



THE IMPACT OF BIRD FLU ON THE ECONOMY: CGE MODEL APPROACH (COMPUTABLE GENERAL EQUILIBRIUM MODEL)

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ABSTRACT

The negative impact of the outbreak of bird flu on economic sectors in the partial and macro research will be analyzed using CGE models (Computable General Equilibrium). The result of the simulation studies indicate that the sector directly affected by the outbreak of bird flu poultry sectors are a traditional, medium large poultry meat and eggs. While the sectors that are indirectly affected sectors are rice, corn, soybean ad agricultural, other livestock, paper industry, fertilizer industry, chemical industry, pharmacy, restaurant and services. Next the result of the simulation showed that the decrease in the production of poultry meat sector (traditional and medium-large) and egg sectors impact on the micro and macro aspects of the economy. On the micro level in domestic market there are decreased production and increased prices in the poultry sector, eggs, other farms, restaurants and services. While in the foreign market there are decreased exports as well as imports. Furthermore, there is a decline in consumption by the entire group of household due to a decline in the acceptance by all groups of households and firms. Government revenue also declined due to a decrease in taxes from households and firms. So it can be said there are a decline in the income of households and the government. At the macro level there are a decline in GDP and a decline in the investment. There are no change in the price of capital and labor. Similarly, the interest rate and the inflation rate are fixed.

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1. CHAPTER I

1.1. Background

Outbreak of bird flu disease not only cause high mortality in poultry but also cause a wide variety of economic loss, i.e. a decline in productivity in the share of economic sectors, especially sectors that are directly related to the poultry sector, poultry meat (traditionally and medium-large). The negative impact is also suffered by industries indirectly related to the poultry industry, ie restaurant, tourism, trade and transportation sectors.