The Effect Of Government Admission On Poverty In The City Of Makassar: 2000-2017

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Abstrac - The purpose of the study was to analyze the effect of several regional revenues on changes in poverty rates in Makassar City over the past 17 years.

The study used quantitative descriptive methods with econometric methods. The sampling technique used was purposive sampling where the researchers directly chose the object of the study, namely data on the number of poor people in Makassar in 2000-2017, data on Makassar Regional Revenue in 2000-2017, data from the Makassar City General Allocation Fund for 2000-2017 and Fund Data Special Allocation for 2000-2017. Data analysis using multiple regression equation.

The results of the study found PAD (Regional Original Revenue), DAU (General Allocation Fund) affected the decline in poverty during the years 2000-2017, while the DAK (Special Allocation Fund) did not significantly influence the decline in poverty in Makassar City during 2000- 2017 in Makassar City.
Keywords: Regional acceptance, poverty, multiple regression, quantitative.

I.   INTRODUCTION

Poverty in Indonesia during 2002-2017 illustrates a positive trend, the percentage of the number of poor people continues to decrease from 20.2 percent to 7.26 percent (BPS, 2017). During this period in 2017 the National Socio-Economic Survey (Susenas) carried out by the Central Statistics Agency (BPS) noted that the number of poor people in Indonesia ranged from 26.58 million. With the number of poor people in rural areas amounting to 16.31 million people and in urban areas amounting to 10.27 million people.

Poverty is still a problem in almost all regions in Indonesia. South Sulawesi Province is one of the regions in Indonesia that still faces the problem of poverty. Although the level of economic growth is quite good, the poverty rate in South Sulawesi Province is still quite high during the period 2012-2017.

Based on data released by the Central Statistics Agency (BPS) in September 2017 the number of poor people in South Sulawesi was 825.97 thousand. The number of poor people is equivalent to 9.48

percent of the total population living in South Sulawesi. The number of poor people is still largely dominated by rural areas which reached 659.47 thousand people or 12.65 percent while in urban areas it was 166.50 thousand people or 4.76 percent. The study was conducted in Makassar City with the distribution of the number of poor people with two classifications namely Pre-prosperous Families (very poor) and Prosperous Families I (poor) in 14 sub-districts in Makassar City. In 2017 the Pre-Prosperous Family was the highest in Tamalate District due to the second largest population density in Makassar City. Whereas the highest Prosperous Family I was in Biringkanaya Subdistrict, which is the District with the largest population in Makassar City.

With a relatively high number of poor people in the city of Makassar through Regional Regulation number 3 of 2012 concerning Poverty Alleviation in South Sulawesi Province. As a derivative of this policy, the Makassar City Government has launched several excellent programs to empower the poor. One of the programs announced was the Productive Economic Business (UEP) and Joint Business Group (KUBE) program.

II.   THEORETICAL REVIEW

2.1 Theory and Concept of Poverty
The causes of poverty according to World Bank (2001) are at least three main factors that cause poverty, namely 1) low income and assets to meet basic needs, such as: food, shelter, clothing, health and education. 2) inability to speak out and lack of power in front of state institutions and society. 3) vulnerable to economic shocks, related to their inability to overcome them.

World Bank (2009) in Basri, et al. (2017) states the poverty measure calculates the absolute level and number of poor people by using a single measure that is uniform for all countries. In developing countries a person is called poor if he earns less than $ US 1 per day. It is estimated that there are around 1.2 billion people in the world who live below that size. In addition, there are 2 billion people who

liveless than the poverty line measured by the size of $ US 2.

According to the Central Bureau of Statistics (BPS) calculating the number and percentage of poor people, namely the population living below the poverty line based on data from the National Socio-Economic Survey (Susenas). The poverty line is the basis for calculating the number of poor people calculated using the basic needs approach. The poverty line is the amount of rupiah needed to be able to meet the basic needs of minimum food and non-food.

Measured based on poverty line consisting of food poverty line and non-food poverty line. The food poverty line is the expenditure value of minimum food needs which is equal to 2,100 kilocalories per capita per day. Commodity needs consist of 52 types of commodities (grains, tubers, fish, meat, eggs and milk, vegetables, nuts, fruits, oils, fats, etc.). The non-food poverty line is the rupiah value of 27 expenditure sub-groups consisting of 51 types of non-food commodities in urban areas and 47 types of commodities in rural areas.

BPS released 14 criteria of poverty according to BPS standards, namely: 1) the floor area of residential buildings is less than 8m2 per person. 2) type of floor of residence made of soil / bamboo / cheap wood. 3) type of wall of residence from bamboo / rumbia / low quality wood / wall without plastering. 4) do not have defecation facilities / together with other households. 5) household lighting sources do not use electricity. 6) drinking water sources come from wells / unprotected springs / rivers / rainwater. 7) fuel for daily cooking is fuel wood / charcoal / kerosene. 8) only consume meat / milk / chicken once a week. 9) only buy one set of new clothes in a year. 10) can only eat one / two times a day. 11) unable to pay for medical expenses at the puskesmas / polyclinic. 12) the source of income of the head of the household is: farmers with a land area of 500m2, farm laborers, fishermen, construction workers, plantation workers and / or other jobs with income below Rp. 600,000 per month. 13) highest education head of household: not attending school / not completing elementary school / finishing elementary school. 14) do not have savings / goods that are easily sold with a minimum of Rp. 500,000, - such as motorcycle credit / non-credit, gold, livestock, motorized boats, or other capital goods.

2.2 Regional Income

Keynes's analysis in the book The General Theory (1936) suggests that governments can use the power of taxation and their expenditure to increase aggregate expenditure. Keynes considers that fiscal policy has a multiplied effect on income. The reason is that, according to the consumption function C = C (Y-T), where higher income causes higher consumption. When increases in government spending increase revenue, it also increases consumption, and so on.

Based on Law Number 33 of 2004 concerning Financial Balance Between Central and Regional Governments, regional income is money that goes into the regional treasury. Regional income is the right of the regional government which is recognized as an increase in the value of net assets in the period of the year concerned.

This is also in line with Widodo (2015) which states that this regional income is used to finance the implementation of local government, including regional taxes and regional levies and other legitimate regional revenues, as well as funding through the central government, also known as transfer funds which is carried out based on the principles of democracy, equality of justice, community participation and accountability by paying attention to the potential of the region. Regional development is highly dependent on local government revenues in the form of PAD, DAU and DAK. The region's ability to regulate regional finances is expected to be a source of funding and administration of the government which has an impact on regional development to improve equitable distribution of community welfare.

The size of the percentage of poverty is also very important in measuring the success of economic development. This is because poverty is one indicator to show one indicator to show the level of welfare as a result of economic development. To be able to reduce poverty rates can be done through increasing the budget.

Increased budgets can be through PAD, which according to Keynes's theory that the government can use the power of taxation and their expenditure to increase aggregate expenditure. Keynes considers that fiscal policy has a multiplied effect on income. Not only through PAD, increasing central government transfers in the form of DAU and DAK can also reduce poverty. DAU, which is a block grant, will provide flexibility for local governments to allocate according to priorities and regional needs to improve basic services that can alleviate poverty. As well as DAK to fund regional affairs in accordance with national priorities intended only for physical activities and certainly can have a major influence on poverty alleviation in the region.

III. RESEARCH METHOD

3.1 Population and Samples

The population in this study is the Number of Poor Population in Makassar City. The sampling technique used is purposive sampling because this technique is a technique of determining samples with certain considerations. Based on these considerations, the researchers directly chose the object of the study, namely data on the number of poor people in Makassar from 2000-2017, data on

Makassar Regional Revenue in 2000-2017, data on the Makassar Allocation General Fund for 2000-2017 and data on Special Allocation Funds for 2000 2017.

3.2 Data Collection Techniques

The data collection technique carried out in this study was library research. Data were obtained from the South Sulawesi Central Statistics Agency (BPS), and the Regional Directorate General of Financial Balance. Data needed in the study are the Number of Poor Population, Local Revenue, General Allocation Funds and Special Allocation Funds.

3.3 Data Analysis Techniques

To test and analyze the data obtained to determine the effect of Local Revenue, General Allocation Funds and Special Allocation Funds on Poverty in Makassar City. then the researchers used multiple linear regression analysis tools. To facilitate the analysis of data, researchers used the help of software E-Views 10.

With the form of multiple linear regression equations as follows:

$$KMS = \beta0 - \beta1 ROI - \beta2 GAF - \beta3 SAF + e \ldots\ldots\ldots\ldots\ldots\ldots(3.1)$$

Because the unit of each compound variable must be in a natural algorithm so that it will form the equation as follows:

$$LnPOV = \beta0 - \beta1 LnROI - \beta2 LnGAF - \beta3 LnSAF + e \ldots\ldots\ldots\ldots(3.2)$$

Information:
KMS = Poverty
$\beta0$ = Constant
$\beta1, \beta2, \beta3$ = Regression coefficient
Ln = Natural Logarithm
ROI = Regional Income
GAF = General Allocation Fund
SAF = Special Allocation Fund
e = Error

IV RESULTS AND DISCUSSION

4.1 Equation Model

Analysis of the effect of Regional Original Income, General Allocation Funds and Special Allocation Funds on poverty in Makassar City uses time series data over the period 2000-2017 and uses multiple linear regression analysis with the following results:

Table 1 Results of the Poverty Model Estimation

Independent Variabel	Theory	coeficient	t stat	Sig.
LnROI	-	-0.055*	-1.941	0,046
LnGAF	-	-0.045*	-2.756	0,022
LnSAF	-	-0.025^{ns}	-0.880	0,393
Intercept				4.800
Adjusted R^2				0,539
F Stat				5.881
DW				1.868
N				18

Output E-views 10

Based on the results of the regression analysis used, the equations are as follows:

$$LnPov = 4,800 - 0,055 \, LnROI - 0,045 LnGAF - 0,025 LnSAF + e \ldots\ldots (4.1)$$

Based on the regression equation above, it is converted into an anti-LN form, namely:

$$KMS = 71,089 - 0,946 \, ROI - 0,955 GAF - 0,975 SAF + e \ldots \ldots\ldots\ldots. (4.2)$$

4.2 Discussion

The results of this study are also in line with the research conducted by Hasibuan (2005) which emphasizes the role of the budget for poverty alleviation which explains the negative relationship between the income budget to the number of poor people. This study also has similarities with the research conducted by Silas Peter, et al (2018) concluded that an increase in PAD can reduce poverty rates in Kenya.

This research is also in line with Keynes's theory which suggests that the government can use the power of taxation and their expenditure to increase aggregate expenditure. Keynes considers that fiscal policy has a multiplied effect on income. The reason is that, according to the consumption function $C = C (Y-T)$, where higher income causes higher consumption. When increases in government spending increase revenue, it also increases consumption, and so on.

In addition to PAD, increasing the budget to alleviate poverty can also be through transfers from the center in the form of DAU and DAK. Transfers in the form of DAU and DAK have a main focus to improve financial equity between regions and alleviate poverty (DGT, 2017). From the regression results state that the DAU variable has a negative and significant effect on poverty. Regression coefficient of 0.955 means that if a DAU increase of 1 percent will reduce poverty by 0.955 percent. The role of the DAU that has a significant effect is due to the continued increase in the proportion of DAU to the total revenue of Makassar City. The DAU even has the largest proportion of Makassar City's revenues throughout 2000-2017.

This shows the magnitude of the potential revenue of Makassar City while at the same time demonstrating the large dependency of Makassar City on DAU. Not only that, Makassar City is the only City in South Sulawesi Province that has the largest DAU in 2013-2017. The proportion of DAU is able to reduce poverty in Makassar City. In accordance with the purpose of using the DAU, namely to equalize regional financial capacity in the context of providing basic services to the community, including the provision of health and education services, infrastructure provision and poverty alleviation.

The results of this study are supported by research conducted by Mardiasmo in Nyoman and Sudewi (2013) stating that in fiscal decentralization the magnitude of fund transfers in the regions can have a positive relationship to improving community welfare. Not only that, the results of this study are also relevant to the model developed by Rostow and Musgrave in Todaro (2011) that links the development of government spending with the stages of economic development that are distinguished between the initial, intermediate and advanced stages.

In the early stages of economic development, the percentage of government investment in total investment is large because at this stage the government must provide infrastructure. In the middle stage of economic development, government investment is still needed to increase economic growth in order to take off.

At the economic level, Rostow in Todaro (2011) further said that economic development, government activities shifted from providing infrastructure to expenditures for social activities such as old age welfare programs, public health service programs and so on. One investment made by the government to alleviate poverty is through physical investment. Government physical investment is government expenditure which is generally aimed at community welfare, one of which is DAU.

V. CONCLUSION

a) Original Regional Revenue has a significant effect on poverty in Makassar City from 2000-2017. Increased Regional Original Income during this period was able to reduce poverty in Makassar City. The negative and significant influence of Regional Original Income shows the success of the efforts of the Makassar City Government in exploring the sources of Makassar's Original Regional Revenue.

b) General Allocation Funds have a significant effect on poverty in Makassar City from 2000-2017. Increased General Allocation Funds during this period were able to reduce poverty in Makassar City. The negative and significant effect of the General Alocation Fund is due to the large proportion of the General Allocation Funds to Makassar City revenues.

c) Special Allocation Funds have no significant effect on poverty in Makassar City from 2000-2017. Special Allocation Fund Transfers throughout this period have not been able to reduce poverty in Makassar City. The negative and not significant effect of the Special Allocation Fund was due to the low proportion of the Special Allocation Funds to the receipt of Makassar City.

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