

## GOVERNMENT EFFORTS TO IMPROVE ECONOMIC INEQUALITY IN THE FRAMEWORK OF INDONESIA'S ECONOMIC EQUITY

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### ABSTRACT

*The purposes of this paper are to find out the phenomena that prove that the Indonesian economy is uneven, to find out the government's efforts in improving the distribution of the Indonesian economy, to find out the ways that the government is doing to improve the distribution of the Indonesian economy and to find out the results of the government's efforts to improve economic equity in Indonesia. The data is collected and analyzed from the Central Bureau of Statistics website and journals to develop theoretical foundations for the problem. This paper indicates that the Economic Equity Policy does not always produce results. The government and all Indonesian people must be able to justify or reduce this inequality in various ways. Of course, this process is neither instant nor easy because this inequality is not a problem that can be done alone and will take a long time.*

### INTRODUCTION

What is economic equity? Economic equity is an effort made to equalize economic conditions. Indonesia is one of the countries requiring economic equity activities because of the many inequalities in Indonesia. The number of people who still have low incomes is spread across Indonesia's regions.

Indonesia is troubled by a slew of issues relating to its economic situation. According to data from reference sites, Indonesia has 28 million poor people, 14.4 million of whom live in Java, 13.5 million people who do not have proper housing or live in the suburbs, 3.2 million micro-enterprises with an added value of less than 6%, and 14.4 million heads of farming families who do not own land or less than 0.5 hectares. 11.2 million traditional traders find it difficult to compete due to modern trade's rapid growth, and 9.7 million household gardeners rely on non-oil palm,

but the added value is low (Good Indonesia, 2021).

Poverty has become a phenomenon in Indonesia, according to the World Bank, which the author cited from the CNBC Indonesia website. In March 2018, 61.9 % of people in rural areas were poor. Poverty can reach 13.2 % (Purnomo, 2018). Aside from rural areas, the World Bank clarified that urban poverty is gradually increasing due to urbanization. Initially, there were 34.7 % in March 2018. Then, in March 2018, urban poverty reached 38.1 % (Purnomo, 2018).

According to the UU RI No. 20 concerning UMKMs regarding the development of the country's economic condition based on economic democracy, all Indonesians who live in a just and prosperous manner have the right to obtain policies to improve their economic conditions.

### Formulation of The Problem

- What are the phenomena that prove that Indonesia's economy is uneven?
- What are the government's efforts to improve economic equality in Indonesia?
- How does the government make efforts to improve economic equality in Indonesia?
- What are the results of the government's efforts to improve economic equity in Indonesia?

### Benefits of Research

The paper helps understand Indonesia's economic distribution and how the government is trying to even out. In addition, the paper's readers can know what the impact of the government's efforts will be.

### Research Purposes

- To find out the phenomena that prove that the Indonesian economy is uneven.
- To find out the government's efforts to improve the Indonesian economy's distribution.
- To find out how the government is doing to improve the distribution of the Indonesian economy.
- To find out the results of the government's efforts to improve economic equity in Indonesia.

## **LITERATURE REVIEW**

### Government

The government is an organ that has the authority to carry out public service processes and should obtain services for everyone who carries out government relations so that all members of the community who are related get it when needed following orders (Period, 2017). According to Surya Ningrat in the journal quoted by the author, the government is a group of individuals who have the authority to exercise government power, namely actions or affairs or ordering (Period, 2017).

The definition of government has three etymological meanings (Period, 2017). These definitions include:

1. An order which has the meaning of carrying out the work ordered. In this sense, there are two parties, namely those governed and those who govern.
2. The government has the meaning of a body that carries out the activities of governing power.
3. The government has the meaning of action, the way of the governing body.

The main purpose of establishing a government is to maintain public order so that life can run smoothly. Moreover, the current government is a public service, creating a situation that allows all citizens to develop their abilities to better the country (Period, 2017). According to Ndraha here are two functions of government (Period, 2017)

#### 1. Primary Function

The primary function is a function that continues to run and has a positive relationship with the empowerment of the governed. The primary function of the government would increase if the orders ordered were increasingly empowered.

#### 2. Secondary Function

The secondary function is a function that has a negative relationship with the empowered being governed. The secondary function of the government would decrease if the orders ordered were increasingly empowered.

Based on UUD 1945 Chapter 18 paragraphs (1) and (2) as well as Chapter II concerning the Division of State Territory Article 2 of UU No. 23 of 2014 concerning Regional Government, it has been explained that the Unitary State of the Republic of Indonesia is divided into Provincial Regions which are further divided into City Regions and Regency Regions. The main purpose of the formation of the territory as described is because of the vast and complex task of the government working for the state, the division of the territory is necessary to make it easier for members of the government to carry out their duties.

The government will be closer to forming a government that has a good structure from the center to the regions. It is easier for government members to carry out their duties. For example, carrying out a service function for the community.

### Economic Inequality

Economic inequality is when income in a country is not evenly distributed. Inequality is characterized by the income earned by high-income people against low incomes obtained by low-income people. Several factors cause economic inequality in Indonesia to occur.

The factors include:

#### 1. Demographic conditions

These causal factors are related to population problems; demographic conditions vary from one population to another, where these differences can be related to:

- Total population  
The number of urban residents is greater than the number of residents in rural areas, which causes problems in cities to be more complicated than in rural areas.
- Population composition  
The productive age population and the unproductive age population in a city or village is one way to see the composition of the population.
- Population distribution  
Uneven population distribution in Indonesia. Everyone who wanted to earn a decent income had to move to the island of Java, making the island Java an attraction for many residents (News Update, 2021).

#### 2. Educational conditions

The condition of education in Indonesia is striking, namely in the differences in education conditions in urban and rural areas in terms of quality, facilities, and quality of education.

#### 3. Economic conditions

The economic condition is determined by its natural resources and production factors. Regions with high natural resources and factors of production will be more developed regions than regions that do not.

#### 4. Health condition

Health conditions are determined by the availability of facilities in the area. The uneven distribution of health facilities causes problems, namely the quality and level of health of the population, which is different in each region.

#### 5. Poverty

The main cause of socio-economic inequality in Indonesia is the high level of poverty. Many people suspect that poverty is destiny. Some suspect that poverty is caused because the person does not have the spirit to work. From this assumption, it can be said that the cause of poverty comes from themselves.

#### 6. Lack of job opportunities

The number of jobs strongly influences the economic condition of the community. Nevertheless, the lack of job opportunities has led to an increase in the number of unemployed in Indonesia. There are several factors why unemployment occurs, including:

- Low-quality human resources.
- The size of the workforce is not balanced with the narrowness of employment opportunities.
- Many people lack confidence in themselves to become job creators.

#### 7. Differences in social status in society

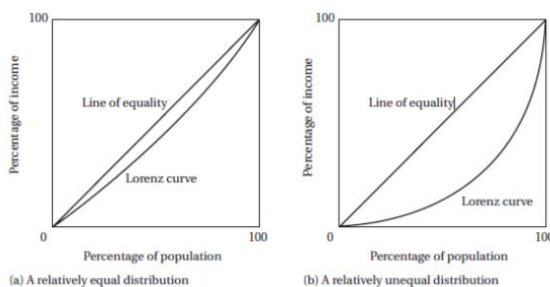
Social stratification is the cause of differences in social status in society. The layers in society are based on age, power, wealth, and personal qualities. Examples of layering in society cause inequality based on social statuses, such as:

- Employers and workers.
- The quality of elementary school graduates up to undergraduates.
- Rulers, political party figures, and society.
- Upper, middle, and lower class.

There are three ways to measure economic inequality, namely:

1. Lorenz Curve

The Lorenz curve is a curve that shows the relationship between the percentage of total income and the percentage of income recipients. This Lorenz curve shows the bond or relationship for certain periods (Mardinsyah & Sukartini, 2020). There are two lines on the Lorenz curve: vertical and horizontal lines. The vertical line shows the percentage of the total income of certain community groups or residents. At the same time, the horizontal line shows the number of residents who receive income (Mardinsyah & Sukartini, 2020).



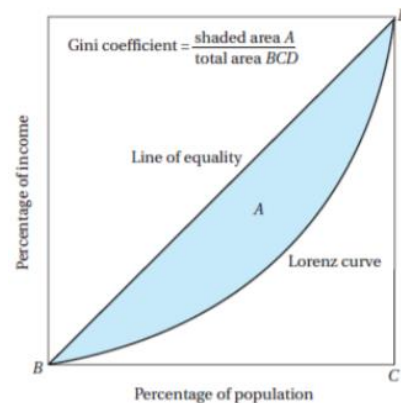
**Figure 1. The Lorenz Curve**

Source: Mardinsyah & Sukartini (2020)

The Lorenz curve also has a diagonal line that shows a perfectly even income distribution. When the Lorenz curve gets closer to the line, the inequality gets smaller. If the Lorenz curve is away from the line, the inequality gets bigger (Figure 1) (Mardinsyah & Sukartini, 2020).

2. Gini Ratio

Gini ratio (Figure 2) is the process of calculating the ratio of the area between the Lorenz curve and the diagonal line (plane A) to the area of the triangle where the Lorenz curve is located (triangle BCD). This Gini ratio can be between 0 to 1 (Mardinsyah & Sukartini, 2020).



**Figure 2. Gini Ratio**

Source: Mardinsyah & Sukartini (2020)

3. Grouping the income received by residents

The last method is to classify the income of the population. There are three groups: (Mardinsyah & Sukartini, 2020).

- 40% low income
- 40% middle income
- 20% high income

Economic Equity Policy

Economic equity policy is a policy that aims to increase the skills of the low to the middle economic population to have competitiveness inequity and the opportunities and capabilities of human resources or human resources (Cooperation, 2017).

The economic equity policy has three main pillars, which are further divided into a total of 10 fields, including (Cooperation, 2017)

1. Land

- Synchronizing and implementing agrarian reform.
- Distribution of agricultural land to farmers who do not own land.
- Encouraging the role of the private sector or state-owned enterprises as off-takers and processing and rejuvenating people's plantation crops.
- Development of affordable housing for the poor.
- Fishers & seaweed cultivation.

2. Opportunity

- Tax system court
- Manufacturing and ICT

- Retail and market
  - Government funding and budget
3. HR Capacity
- Vocational, entrepreneurship, and the labor market.

## RESEARCH METHODS

### Data Collection Method

A literature study is a data collection technique used by the author in which the author collects data from the Central Bureau of Statistics website and journals to develop theoretical foundations for the problem.

### Data Types and Sources

Secondary data in the form of nominal and ratio data is the type of data that the author uses. The author's data source is data

taken from the Central Bureau of Statistics website.

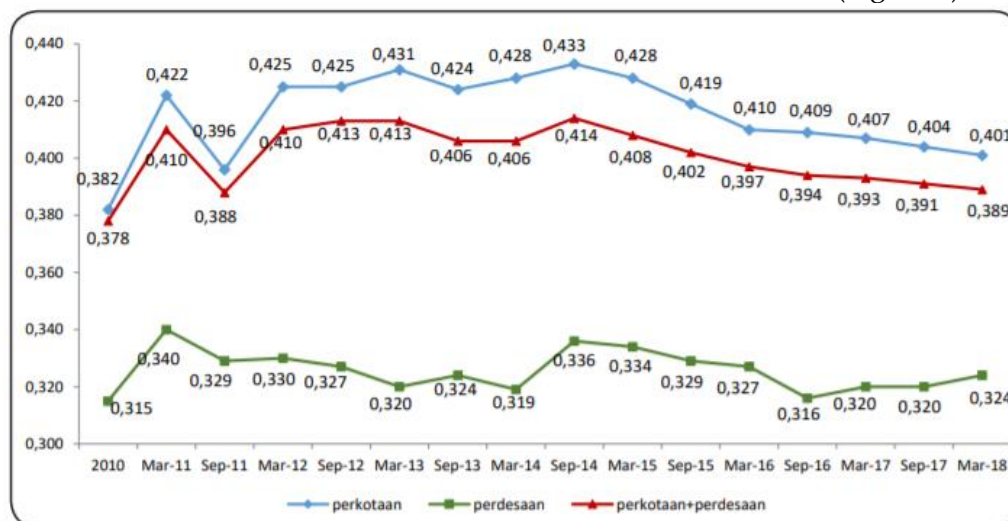
### Data Analysis Technique

The quantitative method is an analytical technique that the author uses. The author presents data related to the government's efforts to equalize the economy. After that, the writer analyzed the results of the equalization of these efforts.

## RESULT AND DISCUSSION

### Inequality in Indonesia

A large number of inequalities is one of the problems that must be immediately corrected in Indonesia. One example of inequality in Indonesia is economic inequality. It can be seen in the Gini ratio from the Central Bureau of Statistics website for 2010 - March 2018 (Figure 3).



**Figure 3. Gini Ratio 2010 - March 2018**  
 Source: (Central Bureau of Statistics, 2018)

It can be seen in the Gini ratio from the Central Bureau of Statistics website for 2010 - March 2018 (Figure 3). This ratio shows that economic inequality in Indonesia has a very uneven distribution or distribution. It is shown in Figure 3 above that economic inequality in Indonesia peaked in September 2014. The figure of 0.433 for urban areas means that urban areas with small inequality should have quite high inequality than rural areas, which sit at 0.336.

Based on the quoted website, the inequality in the previous paragraph is due to many rich people living in urban areas, supported by data showing that the economic growth rate was relatively high from 2011 to 2013, with an increase in the Gini ratio in urban areas (Portonews, 2017).

The above economic inequality must have causes, including:

1. Narrow workforce  
 One of the reasons is the lack of workforce in Indonesia. The lack of job opportunities

causes many people in Indonesia to be unemployed.

**Table 1. Number of Unemployed Years 2015-2019**

| Year | Number of Unemployed (in thousands) |
|------|-------------------------------------|
| 2015 | 7560.82                             |
| 2016 | 7031.78                             |
| 2017 | 7040.32                             |
| 2018 | 7073.39                             |
| 2019 | 7104.42                             |

Source: Central Bureau of Statistics (2018)

The data from the table above shows that unemployment from 2016 to 2019 experienced a slightly consistent increase. The data proves that employment opportunities in Indonesia still need to be increased to reduce unemployment and reduce economic inequality.

## 2. Poverty

In addition to the lack of employment opportunities, poverty is also one of the causes of economic inequality in Indonesia. This poverty causes Indonesia's unemployment rate to be high.

**Table 2. Percentage of Poor Population in 2015-2019**

| Year | Percentage of Poor Population |       |
|------|-------------------------------|-------|
|      | Rural                         | Urban |
| 2015 | 14.21                         | 8.29  |
| 2016 | 14.11                         | 7.79  |
| 2017 | 13.93                         | 7.72  |
| 2018 | 13.2                          | 7.02  |
| 2019 | 12.85                         | 6.69  |

Source: Central Bureau of Statistics, (2018)

The data from the table above shows that the percentage of poor people in rural Indonesia from 2016 to 2019 differs greatly from the percentage in urban areas. The percentage of the rural poor who sits above 10% shows that the distribution of the economy in Indonesia

is not evenly distributed. This poverty must also be immediately reduced to improve Indonesia's economic inequality.

## 3. Population distribution

The third factor is why economic inequality in Indonesia occurs, namely demographic factors. Demographic factors are related to population problems, including population size, population composition, and population distribution.

Population distribution is one of the most striking problems in Indonesia. From the eye alone, it can be seen how uneven the distribution of the population in Indonesia is per city.

| Provinsi<br>Province      | Persentase Penduduk<br>Percentage of Total Population |       |
|---------------------------|---|-------|
|                           | 2010  | 2017  |
| (1)                       | (2)   | (3)   |
| Aceh                      | 1,90  | 1,98  |
| Sumatera Utara            | 5,46  | 5,45  |
| Sumatera Barat            | 2,04  | 2,03  |
| Riau                      | 2,34  | 2,54  |
| Jambi                     | 1,30  | 1,34  |
| Sumatera Selatan          | 3,14  | 3,16  |
| Bengkulu                  | 0,72  | 0,74  |
| Lampung                   | 3,20  | 3,17  |
| Kepulauan Bangka Belitung | 0,52  | 0,55  |
| Kepulauan Riau            | 0,71  | 0,80  |
| DKI Jakarta               | 4,04  | 3,96  |
| Jawa Barat                | 18,12   | 18,34 |
| Jawa Tengah               | 13,60   | 13,08 |
| DI Yogyakarta             | 1,45  | 1,44  |
| Jawa Timur                | 15,75   | 15,00 |
| Banten                    | 4,48  | 4,75  |
| Bali                      | 1,64  | 1,62  |
| Nusa Tenggara Barat       | 1,89  | 1,89  |
| Nusa Tenggara Timur       | 1,97  | 2,02  |
| Kalimantan Barat          | 1,85  | 1,88  |
| Kalimantan Tengah         | 0,93  | 0,99  |
| Kalimantan Selatan        | 1,53  | 1,57  |
| Kalimantan Timur          | 1,50  | 1,37  |
| Kalimantan Utara          | -   | 0,26  |
| Sulawesi Utara            | 0,95  | 0,94  |
| Sulawesi Tengah           | 1,11  | 1,13  |
| Sulawesi Selatan          | 3,38  | 3,32  |
| Sulawesi Tenggara         | 0,94  | 0,99  |
| Gorontalo                 | 0,44  | 0,45  |
| Sulawesi Barat            | 0,49  | 0,51  |
| Maluku                    | 0,65  | 0,67  |
| Maluku Utara              | 0,44  | 0,46  |
| Papua Barat               | 0,32  | 0,35  |
| Papua                     | 1,20  | 1,25  |

**Figure 4. 2010 and 2017 Population Percentage Table**

Source: Central Bureau of Statistics (2018)

Based on the table above, it is very clear that the distribution of the population in Indonesia is uneven. The provinces located on the island of Java are the centers of most of the population in Indonesia. The percentage of the population on the island of Java is around

1% - 19%. Compared to other islands that sit at around 0% - 6%, the percentage difference between the population on Java Island and other islands can reach a 19% difference. This data proves how severe the distribution of the population in Indonesia is.

The population distribution also has something that triggers why it happened. One of the triggers is education. On the island of Java, many schools and universities of high quality, and even the international world have recognized the university school, causing many students to decide to move to Java Island to get a better education than in their hometown.

### Economic Equity Efforts

The government makes many efforts or efforts due to many economic inequalities. According to UUD 1945 Article 27 paragraph (2), it is written: "Every citizen has the right to work and a decent living for humanity". This paragraph means that all citizens have the right to a decent and prosperous life. That is why economic equality is carried out in Indonesia for the welfare of the people and the country.

The government carries out efforts to equalize the economy to reduce inequality. These efforts are called the Economic Equity Policy (KPE) or Economic Equity Policy. The Economic Equity Policy has three pillars, each of which has a field in which policies are implemented to equalize the economic situation in Indonesia. The pillars are land, opportunity, and human resource capacity.

#### a. Land

##### 1. Agrarian reform

Reorganizing the structure of power, ownership, and fair use of land by managing assets and managing access for the welfare of the Indonesian population is the meaning of agrarian reform (PDSI Kominfo, 2020).

This policy can reduce some typical problems in the agrarian, social, economic, and defense & security fields, including (PDSI Kominfo, 2020)

- Inequality of control, ownership, use, and utilization of land
- Conflicts around the agrarian sector
- The amount of conversion of agricultural land
- The decline in the quality of the environment
- Poverty and unemployment
- Social gap

The Ministry of Agrarian Affairs and Spatial Planning/National Defense Agency or ATR/BPN has a role in agrarian reform. The role is to provide assets and access. The Ministry of ATR/BPN will ensure legal certainty over land ownership through the Complete Systematic Land Registration Program, for example, such as providing land certificates, utilizing the land for agrarian reform policies, as well as streamlining the inventory process of power, ownership, and use as well as the land registration process (PDSI Kominfo, 2020).

In 2018, the Ministry of ATR/BPN succeeded in carrying out several agrarian reform efforts, including (PDSI Kominfo, 2020)

- The redistribution of voluntary land relinquishment of former HGU in Siak, Riau amounted to 4,000 parcels with approximately 4,000 hectares.
- KT on former HGU land covers 510 hectares in Soppeng, South Sulawesi.
- KT on former HGU land covers 47 hectares in Pandeglang Banten.
- Various redistribution of former HGU lands and release of HGU in North Sulawesi.

#### b. Opportunity

##### 1. UMKM or MSME development through financing

To realize the existence of strong and independent MSMEs, the government will always provide

opportunities and support for these MSMEs. Developing and encouraging regional and national economic conditions is one of the roles of strong and independent SMEs. Not only does one ministry institution participate in developing MSMEs, but several institutions also help, such as the Ministry of Trade, the Ministry of Cooperatives and SMEs, the Ministry of Industry, and Bappenas. In addition to ministerial institutions, non-ministerial institutions also help develop MSMEs, such as BUMN, Bank Indonesia, and non-bank financial institutions (Trade Policy et al., 2013).

Together with relevant agencies, the government coordinates to provide solutions to MSME problems in the capital sector. The financing policy through the bank's financing institution is called the Kredit Usaha Rakyat (KUR) or People's Business

Credit (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2018)

The KUR program is a policy in the form of a program carried out by the government to increase access to financing for MSMEs channeled via financial institutions that use a guaranteed pattern. The KUR program has a purpose. The purpose is to strengthen business capital in implementing policies (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2020).

The KUR program was inaugurated on 5 November 2007, based on Presidential Instruction No. 6 of 2007 concerning Policies for Accelerating Real Sector Development and Empowering MSMEs (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2020).



**Figure 5. Recipient Criteria, Purpose, and Ease of KUR**

Source: Coordinating Ministry for Economic Affairs of the Republic of Indonesia (2018)

In 2019, IDR 190 trillion is the target for KUR distribution. KUR succeeded in realizing 40.17% of its target from this target (Figure 6). In

2019, there were 2,273,929 debtors or borrowers (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2020).



| No | Provinsi                  | Total Penyaluran KUR |              | No       | Provinsi            | Total Penyaluran KUR |              |
|----|---------------------------|----------------------|--------------|----------|---------------------|----------------------|--------------|
|    |                           | Plafon               | Jml. Debitur |          |                     | Plafon               | Jml. Debitur |
| 1  | Nangroe Aceh Darussalam   | 854.378.452.723      | 21.795       | 18       | Nusa Tenggara Barat | 1.431.189.084.904    | 40.259       |
| 2  | Sumatera Utara            | 3.283.986.131.354    | 83.621       | 19       | Nusa Tenggara Timur | 940.561.424.998      | 24.010       |
| 3  | Sumatera Barat            | 2.299.960.065.238    | 52.997       | 20       | Kalimantan Barat    | 841.880.843.397      | 18.260       |
| 4  | Riau                      | 2.133.861.124.507    | 39.170       | 21       | Kalimantan Tengah   | 700.866.828.014      | 17.449       |
| 5  | Jambi                     | 1.144.789.605.165    | 22.452       | 22       | Kalimantan Selatan  | 1.454.934.997.900    | 39.374       |
| 6  | Sumatera Selatan          | 1.563.831.749.251    | 35.946       | 23       | Kalimantan Timur    | 1.122.483.202.142    | 27.459       |
| 7  | Bengkulu                  | 914.645.975.000      | 21.287       | 24       | Kalimantan Utara    | 186.404.753.231      | 3.520        |
| 8  | Lampung                   | 2.331.351.342.556    | 83.079       | 25       | Sulawesi Utara      | 422.112.330.163      | 10.244       |
| 9  | Kepulauan Riau            | 423.260.018.113      | 8.535        | 26       | Sulawesi Tengah     | 797.798.206.558      | 21.026       |
| 10 | Kepulauan Bangka Belitung | 405.414.700.000      | 9.536        | 27       | Sulawesi Selatan    | 4.440.894.353.786    | 135.123      |
| 11 | DKI Jakarta               | 1.849.601.770.464    | 39.800       | 28       | Sulawesi Tenggara   | 927.574.553.131      | 23.770       |
| 12 | Jawa Barat                | 9.365.487.758.069    | 311.343      | 29       | Gorontalo           | 325.041.500.000      | 13.120       |
| 13 | Jawa Tengah               | 14.064.893.331.833   | 465.285      | 30       | Sulawesi Barat      | 429.319.100.000      | 12.248       |
| 14 | DI Yogyakarta             | 1.565.321.490.357    | 45.083       | 31       | Maluku              | 301.449.750.000      | 9.581        |
| 15 | Jawa Timur                | 14.856.073.754.816   | 531.828      | 32       | Maluku Utara        | 158.967.000.000      | 3.815        |
| 16 | Banten                    | 1.320.834.857.873    | 33.446       | 33       | Papua Barat         | 224.863.500.000      | 5.537        |
| 17 | Bali                      | 2.666.728.891.076    | 52.222       | 34       | Papua               | 575.498.406.401      | 11.709       |
|    |                           |                      |              | Nasional |                     | 76.326.260.853.020   | 2.273.929    |

Figure 6. KUR Distribution by Province in 2019

Source: Coordinating Ministry for Economic Affairs of the Republic of Indonesia, (2020)

c. HR Capacity

1. Employment

To build a workforce, the government makes efforts by drawing up a workforce plan based on information on employment, namely: (tbk.kab.lotim@gmailcom, 2018)

- Community workforce
- Opportunities in the world of work
- On-the-job training
- Productivity
- Industrial relations
- Conditions in the work environment
- Employee benefits and wages
- Social Security

The Minister of Manpower Ida Fauziyah stated that the Ministry carried out three policies to improve the workforce ecosystem. These three policies aim to support Indonesia's vision of making human resource development important to advance Indonesia (Yuniartha, 2021).

The three policies that the Minister of Manpower intends and have the aim of fixing the Indonesian workforce are, among others: (Yuniartha, 2021)

- Creating an ecosystem in the workforce that can help

employers or workers by improving regulations in the field of employment

- Improve worker protection
- Creating large-scale jobs and creating an adaptive and effective labor market.

The Minister of Manpower Ida Fauziyah also stated that all these policies are expected to become a support system for creating advanced human resources in Indonesia and compete in this new industrial 4.0 era (Yuniartha, 2021).

*Results of Economic Equity Efforts*

A. Unemployment Number

The number of unemployed in Indonesia could fall in 2021, even though it jumped from 2019 to 2020 due to the emergence of the corona virus pandemic (Table 3). This data proves that efforts to reduce inequality will be successful in 2021.

Table 3. Number of Unemployed 2019-2021

| Year | Number of Unemployed (in thousands) |
|------|-------------------------------------|
| 2019 | 7104.42                             |
| 2020 | 9767.75                             |
| 2021 | 9102.05                             |

Source: Central Bureau of Statistics

B. Poverty

According to the table below, there was a decrease of 0.03% in rural areas. Compared to others, the percentage of poor people in Indonesia has increased in urban and rural areas. However, the cause of the increase in the urban poor in 2020, namely the corona virus pandemic, the Indonesian government and the population must adapt to reduce the poverty rate so that it does not increase again.

**Table 4. Percentage of Poor Population 2019-2021**

| Year | Percentage of Poor Population |       |
|------|-------------------------------|-------|
|      | Rural                         | Urban |
| 2019 | 12.85                         | 6.69  |
| 2020 | 12.82                         | 7.38  |
| 2021 | 13.10                         | 7.89  |

Source: Central Bureau of Statistics [1]

C. Population Distribution

Based on the table above, the population distribution from 2010 on the island of Java could decrease. This data proves that the policies carried out by the government have produced satisfactory results. In addition, there is an increase in population in other provinces such as Aceh, North Sumatra, West Sumatra, Riau, Maluku, and others.

Although the decrease and increase in the distribution did not change significantly, this is still a positive thing because it shows that Indonesia has made progress in terms of population distribution slowly and steadily.

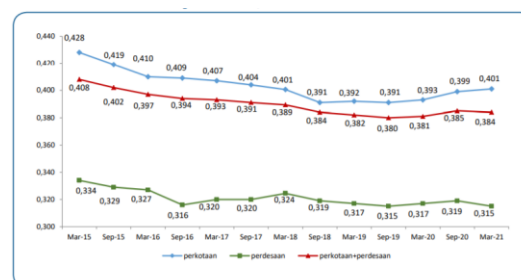
**Figure 7. Population Percentage Table 2010 and 2020**

| Provinsi<br>Province      | Persentase Penduduk<br>Percentage of Total Population |                   |
|---------------------------|---|-------------------|
|                           | 2010 <sup>1</sup>                                     | 2020 <sup>2</sup> |
| (1)                       | (6)   | (7)               |
| Aceh                      | 1,89  | 1,95              |
| Sumatera Utara            | 5,46  | 5,48              |
| Sumatera Barat            | 2,04  | 2,05              |
| Riau                      | 2,33  | 2,37              |
| Jambi                     | 1,30  | 1,31              |
| Sumatera Selatan          | 3,14  | 3,13              |
| Bengkulu                  | 0,72  | 0,74              |
| Lampung                   | 3,20  | 3,33              |
| Kepulauan Bangka Belitung | 0,51  | 0,54              |
| Kepulauan Riau            | 0,71  | 0,76              |
| DKI Jakarta               | 4,04  | 3,91              |
| Jawa Barat                | 18,12   | 17,87             |
| Jawa Tengah               | 13,63   | 13,51             |
| DI Yogyakarta             | 1,45  | 1,36              |
| Jawa Timur                | 15,77   | 15,05             |
| Banten                    | 4,47  | 4,41              |
| Bali                      | 1,64  | 1,60              |
| Nusa Tenggara Barat       | 1,89  | 1,97              |
| Nusa Tenggara Timur       | 1,97  | 1,97              |
| Kalimantan Barat          | 1,85  | 2,00              |
| Kalimantan Tengah         | 0,93  | 0,99              |
| Kalimantan Selatan        | 1,53  | 1,51              |
| Kalimantan Timur          | 1,50  | 1,39              |
| Kalimantan Utara          | -   | 0,26              |
| Sulawesi Utara            | 0,96  | 0,97              |
| Sulawesi Tengah           | 1,11  | 1,10              |
| Sulawesi Selatan          | 3,38  | 3,36              |
| Sulawesi Tenggara         | 0,94  | 0,97              |
| Gorontalo                 | 0,44  | 0,43              |
| Sulawesi Barat            | 0,49  | 0,53              |
| Maluku                    | 0,65  | 0,68              |
| Maluku Utara              | 0,44  | 0,47              |
| Papua Barat               | 0,32  | 0,42              |
| Papua                     | 1,19  | 1,59              |

Source: Central Bureau of Statistics (2021)

Gini Ratio

**Figure 8. Gini Ratio March 2015 - March 2021**



Source: Central Bureau of Statistics (2021)

Based on the figure above, the Gini Ratio from March 2015 to September 2019, the Gini Ratio in urban and rural areas in Indonesia in Indonesia has consistently decreased. This graph shows that economic inequality in Indonesia has decreased. In addition, it also proves that

the efforts made by the government have succeeded in making the process.

## CONCLUSION

### Conclusion

Economic inequality is one of the biggest problems experienced by Indonesia. Many poor people are scattered, there are limited job opportunities with a very high labor force, and the population living in Indonesia is not evenly distributed.

This inequality must be reduced; that is why the government is trying to equalize the economy called Economic Equity Policy (KPE) or the Economic Equity Policy. KPE aims to improve people's skills with low to medium economies to have competitiveness inequity and opportunities and capabilities of human resources or human resources.

Although it does not always produce results, the government and all Indonesian people must be able to justify or reduce this inequality in various ways. Of course, this process is neither instant nor easy because this inequality is not a problem that can be done alone and will take a long time.

### Suggestion

The author suggests that many policies are needed that can reduce this inequality. Now is an era where many people are struggling in their economic field due to the corona virus pandemic. That is why the government and everyone must adapt to the current situation for the current economic conditions.

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