Equitable Regional Infrastructure Development as the Government's Effort to Reduce Inter-Regional Social Inequality in Indonesia

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Abstract

The purpose of this research is to analyze and study using theories on the problems of the role of infrastructure development and social disparities between regions in Indonesia. Social disparities between regions can occur due to the impact of one of the contributing factors, namely the weakness of government policies so that infrastructure development in the regions is hampered and makes it unstable. Apart from these factors, another factor is that the demographics of each region in Indonesia are not all the same, so that regions have their respective barriers and challenges in terms of equitable development through infrastructure. Infrastructure is considered a fairly important development factor because without good regional infrastructure, mobility of community activities will be severely disrupted, thus slowing down community activities. The method used in this research is qualitative through analysis and exploration of problems based on theory. This method is expected to provide an adequate scope of analysis to investigate the gaps and linkages of infrastructure development and economic disparities between regions in Indonesia. The results of this study found that there are social disparities between regions in Indonesia and their relationship is due to the unequal factor of infrastructure development by the government. This finding is a strong message for the government to need to accelerate programs of equal distribution of development, especially in areas that are considered to be lagging behind so that the infrastructure development process is not only in the developed areas. The level of inequality is extraordinary and relatively dangerous. The substance of the gap is unequal access to economic resources. The problem of inequality is a problem of justice, which is related to the problem.

Keywords: social gap; infrastructure; government; between regions of Indonesia

Introduction

Social inequality is a condition in which there is an imbalance in society which results in quite striking differences between layers of society (Hilmi, 2017). Social inequality is a classic problem faced by developing countries, including Indonesia. The classic problem seems to have never reached a solution point, so it has encountered various other problems such as the increasing crime rate. According to Yanuar Rizky (2011), very rich groups of people (conglomerates) are the main contributors to the economic growth of poor households. Social inequality will not end if the rich are getting richer, and the poor are getting poorer so that there is an increasingly visible imbalance.

In overcoming gaps, the government has a central role in making it happen. The role of the government is very influential through its effective policies, by creating conditions for an even society. In determining policies, the government must pay attention to equal distribution throughout its territory, with development targets aimed at achieving community economic growth. Indonesia's development strategy has a goal of achieving high growth, but does not pay attention to equitable development in all regions in Indonesia (Hilmi, 2017). The development referred to here is infrastructure development that can trigger economic growth in the community.

Infrastructure development is driving the economic sector of society. Infrastructure holds an important control in moving the wheels of the economy. The rate of economic growth cannot be separated from the availability of well-developed infrastructure, such as roads, transportation, telecommunications, energy, and sanitation (Tatan, 2018). The progress of infrastructure from an area greatly affects the improvement of the standard of living of the local community. Infrastructure supports various needs in economic progress, due to the ease of access and facilities owned by the region. The role of infrastructure as an economic driver plays an important role in creating new business fields and providing high and quality production output. Therefore, In infrastructure development, proportional and comprehensive programs are needed so that they do not focus only on developed areas, but must pay attention to infrastructure development in disadvantaged areas (Tatan, 2018). The government that plays a very important role in infrastructure development is the government. As the government's important function in infrastructure development, the government initially had to prioritize additional investment in electricity, roads, irrigation, housing and telecommunications to improve the standard of living of its people (Ghosh, 2017). At present, the community must demand the role of the government in infrastructure development which is an annual agenda that must be carried out by the government. In the implementation of development, the government must be able to make real development outputs by cooperating with the private sector, other governments, as well as from various elements of society. Based on the five basic infrastructure investments disclosed, it is useful for the benefit of the daily needs of the community. These five basic parts must be endeavored with equity, because gaps will be very clear if development is only focused on one point. Development will be considered to be carried out on target well and if the development really meets the needs of the community (Cindy, 2018). Therefore the problems of each region are left to the Regional Government for effectiveness in reducing the number of social inequalities in narrower areas. The hope is that with the duties and functions of the local government, infrastructure development will be able to see a narrower scope and listen to people who are not given enough attention..

Literature Review

Hasudungan S. 2007, "The effect of GDP per capita, road infrastructure, and population on land and building tax revenues in Banggai Regency". From the results of his research using multiple regression, it is explained that the ups and downs of PBB revenue are influenced by the ups and downs of GDP per capita, road infrastructure and the number of families of 0.774. In order to improve the quality of human resources, local governments need to invest in the provision of educational and training facilities and infrastructure, so that together the growth followed by an increase in per capita income will increase PBB revenue. Research conducted by Aritonang (2006) on investment policy as part of national development concluded that one of the major shortcomings in the process of Indonesia's economic development lies in the lack of infrastructure that supports this process. This infrastructure is not only in the scope of economic overhead but also social overhead. Therefore it is very difficult to expect the regions to be able to accommodate and manage the incoming investment funds, because in terms of facilities it is not possible. Apart from that, the required infrastructure development also absorbs a large amount of funds, so it is logical that more funds owned by the regions are used to provide these facilities. Ease of licensing, the size of the domestic market, international market access, infrastructure, and human resources are other important elements. we cannot expect too much from incentives if other investment barriers are not overcome. As far as possible, investment attractiveness should be provided in the form of fundamental aspects so that the incoming investment is of higher quality than simply taking advantage of various incentives and then moving to another place. J'afar M. (2007) states that infrastructure plays a positive role in economic growth, namely creating jobs in the construction industry from the short-term side and supporting the productivity of activities in related sectors from the medium and long-term side. The impact that arises if the lack of availability of infrastructure causes people to live in isolated areas with high levels of poverty (Prapti et al., 2015). Therefore, it can be said that with infrastructure, be the answer for a country to increase economic growth. Here are some examples of research on the effect of infrastructure on economic growth: 1. Maryaningsih et al. (2014) on "The Influence of Infrastructure on Indonesia's Economic Growth". The research resulted in confirmation that the availability of basic infrastructure including electricity, roads and sea transportation is necessary to obtain high and sustainable economic growth. From the overall data based on the distribution of real per capita income between provinces in Indonesia, it is found that the condition of road and electricity infrastructure has a significant impact on per capita income, but this is not the case for ports. In addition, investment is proven empirically as a driving factor for Indonesia's growth. 2. Fahmi, A. (2017) regarding "The Spatial Influence of Infrastructure on the Convergence of Economic Growth in Indonesia". The research was carried out based on annual data on per capita income from 31 provinces which resulted in road infrastructure having a positive effect on economic growth and accelerating the achievement of convergence and reducing disparities between regions. Looking at examples of previous research proves that infrastructure development can improve Indonesia's economy, which can be seen by the increase in the per capita income of each region from year to year. To achieve this economic growth, the formation and improvement of regulations, fiscal, and institutions have been carried out by the Indonesian government to support investment in various sectors related to infrastructure and the achievement of priority project milestones throughout Indonesia (kppip.go.id, 2016). In addition, equitable development is needed to increase per capita income in every region throughout Indonesia.

Method

The method used in this research is library research. This study was carried out in the form of utilizing reference sources and literature review with the aim of collecting data and information which was then used as a basic foundation in research. (Zed, M. 2008).

The data or materials needed to complete library research come from library sources in the form of books, e-books, encyclopedias, dictionaries, journals, documents, magazines, articles and so on to obtain information data in the form of research methods expected to produce results. research is a critical analysis of researchers.

Result and Discussion

Infrastructure is the basic thing in increasing social development and economic activity. Every aspect of social and economic life has its own infrastructure, which is the main tool in carrying out various activities.The definition of infrastructure refers to the physical system in providing transportation, irrigation, drainage, buildings and other public facilities such as electricity, telecommunications, clean water, etc., which are needed to meet basic human needs in the social and economic sphere (Grigg, 1988; Fadei Muhammad 2004). The infrastructure system is the main support for the functions of the social system and the economic system in social life. Infrastructure systems can be defined as basic facilities or structures, equipment, installations that are built and required for the functioning of the social and economic systems of the community (Grigg, 1988; Fadel Muhammad, 2004). According to Arthur Lewis, (1994; 114) Infrastructure can safely follow other investments. As an example, if industrial investment increases, there will be an emphasis on electricity supply and transportation facilities. The people in charge of public facilities should pay attention to the increasing demand, and because business is good, there will be no difficulty in obtaining funds to finance system expansion. Meanwhile, less important priorities (especially the needs of domestic consumers) have been pushed aside due to a lack of supply but the main investment is unlikely to be fixed.Therefore, the success of development in the social institutions and sectors of economic life must always pay attention to its infrastructure. Based on previous experience, development often occurs inefficient and ineffective because it is not implemented differently from the aspirations of the region by the community, is not in accordance with regional potential and regional problems, as well as technical and non-technical deviations which of course cause various social impacts that are not a little. The regional economic growth process can be understood as an analogy of the national economic growth process (McCann, 2001). The movement of production factors between regions is much easier to occur than the movement of production factors between countries. So what happens is the role of inter-regional trade becomes more important in the analysis of economic growth with the support of adequate infrastructure. Understanding the urgency of infrastructure in encouraging economic growth, then according to infrastructure experts who argue that in encouraging infrastructure development, the government is a major player in the infrastructure sector as part of maintaining the sustainability of infrastructure development and prioritizing infrastructure in the national development plan, so that infrastructure can be improved properly both quantity and quality.

According to Wagner, government spending and government activities are increasing over time. This tendency by Wagner called the law is always the increasing role of government. The core theory is the increasing role of government in the activities and economic life of society as a whole. Wagner stated that in an economy if per capita income increases, relative government spending will increase, especially because the government has to regulate the relationships that arise in society, law, education, recreation, culture and so on. (Mangkoesoebroto, 2001).Infrastructure development should also involve the private sector and the community in order to achieve sustainable development. For this reason, a more integrated approach is needed in infrastructure development, from planning to services to the community, in order to ensure synergy between sectors, regions and regions.Adam Smith in the Wealth of Nations (1776) stated that the government does not need to intervene much in the economy, but acknowledges that there are at least three basic functions of government, namely: ensuring security, upholding justice, and producing public goods and services. Furthermore, a German economist, Adolph Wagner (1883) proposed a law known as "the increasing of state activity", which is known as Wagner's Law. This law is based on empirical observations in European countries during Wagner's time, that government activity in the economy tends to increase. This measure is expressed as per capita income of the community, followed by an increase in government spending; in terms of providing public goods and services to society (Peters, no date; Kelley, 1976; Wildavsky, 1985; Tridimas, 2001). Adam Smith's theory states that government has only three functions, namely; (1) The role of allocation is the function of the government to allocate resources and make them more optimally used. (2) The role of distribution is the function of the government to adjust the distribution of income and improve the welfare of the community. (3) The role of stabilization is the function of the government to increase employment opportunities and the stability of the prices of goods needed by a stable economy (Mangkoesebroto, 2001)..

According to experts, the government is serious enough in dealing with the challenges of infrastructure financing, where limited funds make it impossible for the government to rely on conventional financing methods to meet the ever-increasing infrastructure needs. Even for the financial feasibility of infrastructure in 3T and rural areas which still have difficulties in accessing affordability, it cannot be achieved, such as, government funds are still insufficient considering the large investment costs. (Hermanto Dardak;*http /www.ekorakyat.org*).

One of the infrastructure development policies that is currently the most highlighted is the issue of investment policy, namely aspects related to What should a region develop immediately? What investment criteria are used as the basis? Who is investing? and How are the patterns of investment carried out? In the current era of regional autonomy, there are two new paradigms being developed related to government policies in terms of infrastructure. First, that investment policy is entirely the responsibility of the Regional Government. Second, this investment policy must involve various stakeholders including the Regional Legislative Council (DPRD). For regions that have sufficient funding, The problems that arise are precisely how or strategies to allocate funds properly and appropriately so that they are fully beneficial for the welfare of the community. On the other hand, for regions with limited funding sources, the problem becomes more complex. The area must optimize the late and human resources in investment policy, and must also formulate investment policies to stimulate or stimulate third parties to be involved in infrastructure investment activities there. Whatever the condition of the region, the issue of infrastructure development policy is currently a crucial issue. This is due to the growing need for infrastructure development and in the future there will be many new challenges with worse impacts that must be faced in formulating policies for technological developments as well as increasingly dynamic economic developments. To accelerate the rate of infrastructure provision, the government provides support in the form of compensation in the form of investment cooperation, subsidies, guarantees, and tax abolition as stipulated in Presidential Regulation (Perpres) Number 67 of 2005. Compensation is given to infrastructure projects that pass the KKPP1 screening (Committee & Policy for the Acceleration of Infrastructure Provision) and the Risk Management Committee of the Ministry of Finance. Presidential Decree No. 67/2005 is a substitute for Presidential Decree No. 7 of 1989. This new Presidential Decree aims to accommodate a paradigm shift in the cooperation between the government and private enterprises in the provision of infrastructure, including in the form of implementing decentralization and regional autonomy policies. With this new regulation, many risks are borne by the government. As a reciprocal, compensation is able to accelerate the provision of infrastructure in Indonesia. Business entities that have the opportunity to receive compensation are BUMN, BUMD, cooperatives and the private sector, and this support is in the form of a public service obligation (subsidy). With regard to the implementation of decentralization and regional autonomy policies in the provision of infrastructure, it is expected that in each province,.

Social inequality is a condition in which there is an imbalance in the standard of living of the community which results in quite striking differences between levels of society (Hilmi, 2017). Inequality in income distribution can be interpreted as the difference in economic prosperity between the rich and the poor, this is reflected in the difference in income (Baldwin, 1986). Kuncoro (2006) states that inequality refers to a standard of living relative to all communities, due to disparities between regions, namely differences in production factors and available resources. This difference causes the level of development and income distribution in each region to be different, resulting in a gap or gap in welfare in these areas. In social life, inequality takes many forms. (1) Rural and urban disparities. This gap is caused by differences in the standard of living of rural and urban communities. Urbanization is the most influential cause of this gap. The movement of rural communities to cities has resulted in an increase in inequality between communities which has an impact on marginality, unemployment, and slum areas. Based on the BPS survey, in September 2019, the number of poor people in March 2020 in urban areas increased by 1.3 million people (from 9.86 million people in September 2019 to 11.16 million people in March 2020). Meanwhile, rural areas increased by 333.9 thousand people (from 14.93 million people in September 2019 to 15.26 million people in March 2020. The gap is more striking between urban and rural poverty. (2) Human resource gap. In this gap, the community feels that there is a gap in the opportunity to develop themselves. This is due to internal factors and the lack of self-development assistance from the government due to unequal access to education in society. (3) Socio-economic disparities. This gap is caused by the factor of the lack of productivity in the community in income. Socio-economic disparities have had an impact on the decline in per capita income, an increase in the unemployment rate, an increase in the number of prostitutes, to the existence of a monopoly from large employers to control the community. (4) Ownership and asset gaps. This gap refers to the asset ownership of a sector is considered higher than other sectors. Asset gaps make investment concentrated only on one ownership, so that it can kill other parties until the occurrence of monopoly. Based on literature sources on The Equality Trust website, social inequality has affected various sectors of life as follows: (1) Economic Sector. The high level of income inequality in the economic sector has an impact on economic instability, debt, and inflation. The economic sector must be defended by the managers of related parties such as the government and capital owners wisely, so that people do not suffer losses that cause other problems (2) Education and Social Mobility. Income inequality is closely related to social mobility. With a high level of income disparity, it will result in low social mobility. Meanwhile, the quality of education is one of the biggest factors in the amount of income. (3) Law. Social inequality is closely related to the crime rate. Crime itself is a factor in the creation of legal products. With high social inequality, it is possible to have a high crime rate so that the law works hard to create its products to overcome these negative impacts. (4) Health. Social inequality is actually closely related to economy and health. The lower the economic level, the lower the community's ability to obtain health services. Therefore, health is also very influential as a result of social inequality. (5) Politics. Social inequality also has an impact on political aspects. Politics plays a major role in unifying the ruling society with the small community, the rich and the poor, as well as political figures and ordinary people. Politics in social inequality also plays an important role in the existence of political figures as potential rulers to prepare superior programs in overcoming social disparities in society.

Social and economic disparities in society are differences in income or social inequality in the ability of the community, which causes a very striking difference between communities (Rachmatullailly, 2018). Based on the results of the BPS survey in 2020, the percentage of poor people in March 2020 was 9.78 percent, an increase of 0.56 percentage points against September 2019 and an increase of 0.37 percentage points compared to March 2019. The number of poor people in March 2020 was 26.42 million people, an increase of 1.63 million people in September 2019 and an increase of 1.28 million people in March 2019. Based on the survey, it can be seen that there is an increase in the number of poor people, which of course will affect the level of social inequality. Whereas for the urban poor in September 2019 it was 6.56 percent, increasing to 7. 38 percent in March 2020. Meanwhile, the percentage of poor people in rural areas in September 2019 was 12.60 percent, increasing to 12.82 percent in March 2020. This is in line with (Iwan, 2017), poverty in rural areas is higher than in urban areas. . This can be seen from the high severity of poverty in rural areas which is more severe than in urban areas. Those who are poor are more likely to work in the informal sector than formal in urban areas. Many of the poor in rural areas work in the agricultural sector. Therefore, the various factors that influence social inequality have not been able to be suppressed by the community or government. To overcome the gap, the community empowerment efforts that have been carried out need newness and improvement.

Conclusion

The conclusion from the results of the research above found that there are social disparities between regions in Indonesia and their relationship is due to the unequal factor of infrastructure development carried out by the government. This research can be used as an output that can also be used as a message for the government to further accelerate the development of equitable development programs, especially in areas that are considered underdeveloped and rural areas. so that the infrastructure development process is not only carried out in the developed and urban areas. The level of social inequality that has occurred is quite extraordinary and is relatively dangerous to the welfare of the community. The substance of this social gap is unequal access to economic resources. The problem of inequality is a matter of justice, relating to social problems. Basically, the implementation of efforts to reduce the gap between regions by the government can not only be resolved from one aspect, but needs to involve comprehensively and in an integrated manner by involving various sectors (economy, education, health, infrastructure, etc.). In economic development, things that need to be considered are: (1) providing greater opportunities or access to production assets (especially capital); (2) strengthening the position of the people's economic business transactions and partnerships, so that people's economic actors are not just price takers; (3) education and health services to improve the quality of human resources; (4) market network development; and (5) encouraging the emergence of new entrepreneurs. Basically, the implementation of efforts to reduce the gap between regions by the government can not only be resolved from one aspect, but needs to involve comprehensively and in an integrated manner by involving various sectors (economy, education, health, infrastructure, etc.). In economic development, things that need to be considered are: (1) providing greater opportunities or access to production assets (especially capital); (2) strengthening the position of the people's economic business transactions and partnerships, so that people's economic actors are not just price takers; (3) education and health services to improve the quality of human resources; (4) market network development; and (5) encouraging the emergence of new entrepreneurs. Basically, the implementation of efforts to reduce the gap between regions by the government can not only be resolved from one aspect, but needs to involve comprehensively and in an integrated manner by involving various sectors (economy, education, health, infrastructure, etc.). In economic development, things that need to be considered are: (1) providing greater opportunities or access to production assets (especially capital); (2) strengthening the position of the people's economic business transactions and partnerships, so that people's economic actors are not just price takers; (3) education and health services to improve the quality of human resources; (4) market network development; and (5) encouraging the emergence of new entrepreneurs. health, infrastructure, etc.). In economic development, things that need to be considered are: (1) providing greater opportunities or access to production assets (especially capital); (2) strengthening the position of the people's economic business transactions and partnerships, so that people's economic actors are not just price takers; (3) education and health services to improve the quality of human resources; (4) market network development; and (5) encouraging the emergence of new entrepreneurs. health, infrastructure, etc.). In economic development, things that need to be considered are: (1) providing greater opportunities or access to production assets (especially capital); (2) strengthening the position of the people's economic business transactions and partnerships, so that people's economic actors are not just price takers; (3) education and health services to improve the quality of human resources; (4) market network development; and (5) encouraging the emergence of new entrepreneurs.

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