

Poverty and Social Equality in Buton Regency – South East Sulawesi Indonesia

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Abstract—Poverty and social equality have attracted much attentions governmental or non- governmental organizations. One of the possible program to alleviate poverty and increase equality is deploying suitable governmental budgeting program. This manuscript will give an overview of poverty alleviation and social equality in form of government budgeting programs in Buton Regency – South East Sulawesi, Indonesia. Data was collected using extensive literature review on budgeting programs in South East Sulawesi and interview several keys government officers and society leaders. The collected data then analyzed descriptively and interpreted in form of Lorenz curve

Keywords—poverty; equality; government, Buton

I. INTRODUCTION

Poverty basically means an individual does not have the income or other economic resources needed to maintain a ‘decent’ quality of life (Cervantes- Godoy and Dewbre, 2010; Alkire and Foster, 2011). While poverty has been analyzed using the monetary estimates of income or consumption, it is the capacity to consume that assumes the central role in determining whether or not one is poor (Houwelling, Kunst et al., 2006).

The most widely used concept of poverty relates to the lack of economic well- being, focusing on the quantifiable ways of defining and measuring it (Suharyadi and Sumarto, 2003). Given the diverse ways in which poverty is understood with some focusing on the physical or material aspects (Lanjouw, Pradhan et al., 2001) and others focusing on the outcome or the standard of living aspects (Pradhan, Suryahadi et al., 2000), some see it important to combine the two aspects. Skouflas (2001) observes, for example, that poverty “pertains to people’s lack of economic resources for consumption of economic goods and services . Although this definition rests on the concept of economic resources needed for consumption, this does not fully specify the type and magnitude of consumption (Fields, Cichello et al., 2003). A true indicator of the physical quality of life, for example, is the status of health as it can accurately gauge the state of one’s physical life (McCulloch, Weisbrod and Timmer, 2007; Alkire and Foster, 2011). While the material or physical quality of life involves factors other than what can be acquired in the market (Armida and Manning, 2006), almost all of such factors can be construed as a function of the consumption items available in the market (Leigh and van der Eng, 2009). It is, therefore, the consumption of basic necessities that captures the notion of economic well-being. When it comes to measuring the physical quality of life,

however, it is not always the consumption that is used, for it is difficult to accurately measure one’s true consumption (Hill, 2008; Alkire, Roche *et al.*, 2011). Any attempt to accurately measure consumption would meet considerable complexity (Alkire and Foster, 2011). In addition to its nutritional value, for example, consumption manifests tastes and preferences conditioned by time, place, weather, culture, symbol, and other factors (Miranti, 2010; Alkire and Foster 2011). For these reasons, income has been a widely used proxy measure of consumption assuming that it can capture not only the ability to consume but the actual consumption as well.

Relative poverty is another dimension of economic well-being, expressed in income, consumption, or welfare terms (Hill, 2008). Applying the relative income approach, people are considered poor when they lack a certain amount of income in relation to the overall distribution in society (Alkire and Foster, 2011). Because of its relative character, poverty lines established using relative criteria may change together with change in the distribution of income, consumption, or welfare over time and across societies (Asra, 2000) This relative poverty standard is widely used today in the international poverty research (Booth, 2000; Miranti, 2010). Similarly, the relative consumption approach tends to delineate those who have above average or some other acceptable sets of consumption level in society.

The absolute and relative poverty lines discussed above are developed by looking objectively at income, consumption, and welfare. In contrast, the third, subjective—or ‘self-assessment’ as Alkire and Foster (2011) call it— approach looks at the same substances through subjective lenses. It does so by applying different poverty concepts, monetary and non-monetary, as viewed by people themselves. In this regard, many attempts have been made to derive some subjective poverty standards through opinion polls and surveys in which respondents are asked to indicate the levels of income, consumption, or welfare deemed necessary to have a non-poor life style. Surveys include what are called ‘Minimum Income Questions’ regarding the sufficiency of incomes to derive poverty standards applicable to households with different characteristics which are then aggregated to develop appropriate poverty thresholds (McCulloch and Grover, 2010). Similarly, there have also been applications of income and welfare oriented subjective poverty standards in which respondents are asked to evaluate certain income levels to be

‘insufficient,’ ‘good,’ or ‘very good’ from the welfare standpoint (Akita and Miyata, 2009; Alkire and Foster, 2011).

Trends in inequality in Indonesia between 1990 and 2010 are not easy to discern (Akita, 2002; Akita, Kurniawan and Miyata, 2011), other than the observation that inequality appears to have risen since the AFC (as measured by the Gini or share of GNI of top 10% / bottom 40%). The Gini rose in the early 1990s then fell around the AFC (Hill, 2008; Alkire, Roche et al., 2011). It then drastically increased in the early 2000s (Hill, 2008; Hill, Resosudarmo, and Vidyatama,

2008). The share of GNI to the poorest 40 per cent was more or less static between 1990 and the early 2000s, and then decreased slightly. In contrast, the share of GNI to the richest 10 per cent rose in the 1990s then dipped and rose notably in the early-to-mid 2000s. Previous research results show that regional inequality is high in Indonesia (Skouflas, Suharyadi et al., 2000; Skouflas, 2001; Akita 2002; Dhanani and Islam, 2002; Newhouse, 2005; Leigh and van der Eng, 2009; Baliscan, Permia and Asra, 2010; Summer, 2012).

Using interview and secondary data relates valid sourcer, Gini Ratio of the Buton Regency was assessed. The result then, was used to gerate Lorenz Curve prior to disparity analysis of Buton Regency income.

II. FINDING

As has been described in previous section, inequality of income distribution of Buton Regency was measured using Gini Ratio and then presented in Lorenz Curve. The Lorenz curve is a graphical device used to represent distributional inequality. The Gini coefficient is a numerical measure of inequality based on the Lorenz curve.

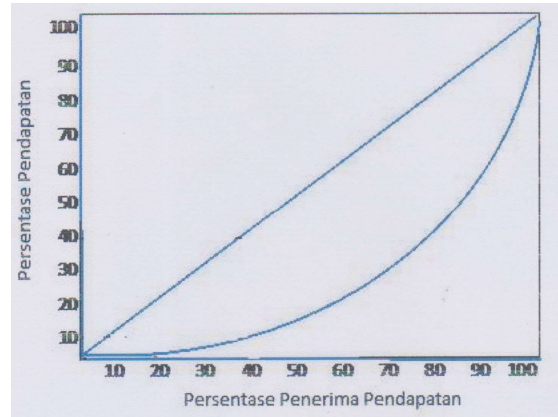
Data collected from the Buton Regency were analysed dan Gini Ratio coefficient was calculated. The calculation of the Gini Ratio for 2014 is presented in the following table.

Table 1. Gini Ratio coefficient for Buton Region 2018

	Yi	f%	(vi)	Y*	Y*-i	Y* + Yi* - i	fi(Y* + Yi* - i)
1	10.890.000	0,1	0,0327	0,0327	0	0,03	0,00327
2	14.298.000	0,1	0,0429	0,0757	0,01235	0,09	0,00880
3	17.042.000	0,1	0,0512	0,1268	0,03897	0,17	0,01658
4	21.091.167	0,1	0,0634	0,2031	0,07485	0,28	0,02779
5	25.373.333	0,1	0,0762	0,2793	0,13410	0,41	0,04134
6	32.609.167	0,1	0,0979	0,3772	0,19334	0,57	0,05706
7	36.752.333	0,1	0,1104	0,4876	0,26513	0,75	0,07528
8	47.012.000	0,1	0,1412	0,6288	0,35735	0,99	0,09862
9	127.850.000	0,1	0,3840	1,0129	0,46940	1,48	0,14823
10	-	0,1	0,0000	1,0129	0,61008	1,62	0,16229
Total	332.918.000	1			1,00000		0,63925
						CG	0,36

Source: primary data analysis

Based on the calculation of Gini Ratio above, the Lorenz Curve is presented below.



Source : data analysis

Based on the Lorenz Curve, Gini Coefficient can be calculated as A area divided by A+B area. Because A+B area equal to 0.5 so:

$$G = A/0,5 = 2A = 1 - 2B.$$

If Lorenz Curve function is $Y = L(X)$, so B value can be calculated using integral value and Gini coefficient can be calculated as :

$$1 - 2 \int_0^1 L(x) dx = 1 - 0,63925 = 0,36$$

Data analysis reveals that the Gini ratio of Buton Regency is 0.36.

Further analysis of the finding reveals that 40% of the Buton Regency population get only 11.22% of the region while 40% of the middle income group get 25.85% of the Regency resources and the 20% enjoy 62.93% of the Regency resources.

Details of the intra-group population income are presented in table 2 below.

Tabel 2. Income disparity among three group of Buton Regency population, 2018.

No	Society Group	Income portion
1	40% of the lowest income	11,22
2	40% of the middle income	25,85
3	20% the highest income	62,93

Source: primary data analysis

III. DISCUSSION

The lorenze coefficient, which ranges between 0 and 1 and is based on residents' net income, helps define the gap between the rich and the poor, with 0 representing perfect equality and 1 representing perfect inequality. The data analysis shows that inequality in Buton Regency is relatively moderate.

In order to diminish the inequality, proper governmental budgeting allocation are needed. The Buton Regency government officers need to re-assess resources to generate better resources allocation and diminish inequality as well as

create prosper society.

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