

**THE EFFECT OF GOVERNMENT SPENDING, FOREIGN LOANS, AND
INFLATION ON INCOME INEQUALITY IN 34 PROVINCES IN
INDONESIA, PERIOD 2009-2018**

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ABSTRACT

One of the benchmarks in the development of a country is the level of income inequality. The unequal distribution of income can be influenced by various factors, for example government spending, Foreign Loans, Inflation and many more. This study aims to analyze whether the three factors mentioned above can affect the income inequality in 34 provinces in Indonesia in the 2009-2018 period. This research is a quantitative research. The data used in the form of cross-selection of 34 provinces in Indonesia and time series during 2009-2018. The data is processed by panel data analysis with fixed effect model regression. All variables jointly influence the income inequality. Partially, government expenditure, foreign loans, and inflation have a positive and significant effect on inequality in income distribution.

Keywords: fixed effect model, foreign loans, inflation, income inequality, government spending.