Regional Economic Growth Disparity in Gorontalo Province

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Abstract: This study aims to analyze the level of economic growth disparity between districts and cities in Gorontalo Province. This study uses secondary data, namely gross regional domestic product data and population data of each regency and city in Gorontalo Province in 2014. Analysis tool used is Klassen typology and Williamson analysis. In this study it was found that Boalemo, Pohuwato and North Gorontalo Regency have low income and low growth rates. Gorontalo Regency has high income and high growth rate, Bone Bolango and Gorontalo cities are low income and high realization growth. Then, to see the level of economic imbalance between regencies and cities in this study used Williamson Index analysis. In this study found that in Gorontalo Province has a relatively low level of economic inequality of 0.14%.

INTRODUCTION

Economic growth is one of the goals that every government always wants to achieve in a country, including Indonesia. Currently the Indonesian government continues to push for Indonesia's economic growth every year. These efforts are undertaken in order to encourage the increasing welfare of Indonesian society. In this sense if the economic growth of a country continues to increase it can be assumed that the welfare of the people in the country concerned also increases. Economic growth is one of the indicators used in measuring the level of welfare of the community in a region because economic growth is associated with an increase in output per capita. Therefore, the theory should include theories about GDP growth and the theory of population growth. GDP per capita is the result of the total amount of GDP at constant prices with the number of population per year in the region concerned. Meanwhile to measure regional economic growth it can be done by using data of Gross Regional Domestic Product (GRDP) growth rate based on constant price generated by a region in each period. If the GRDP by a region continues to increase from period to period then the economy in the region also continues to grow. Then if the GDP growth rate in the region increases higher than the population growth rate in that area it is assumed that the welfare of the population in the area also increases in relation to the increase of income per capita by the society in the area concerned. Revenue per capita is the result of the total amount of GRDP on the basis of constant prices with the population in certain areas.

GRDP is the amount of value added goods and services generated from all economic activities in a region (Prishardoyo, 2008). Based on the results of preliminary observations that have been made it is clear that in the last 5 years, the economic growth of Gorontalo Province in 2011 until 2014 is in the range of 7.55%, this value exceeds the national economic growth rate in the same year. The high economic growth in the province of Gorontalo indicates that the level of community welfare in Gorontalo Province is quite good. The following is presented data of gross regional domestic economic growth based on constant price by every each regency and data of GRDP per capita and population in regency/city in Gorontalo Province 2014 can be seen in Table 1.

Economic growth is one of the main agenda by the Indonesian Government today. At this time, the government of Indonesia is very aggressive in conducting economic empowerment program, especially, to sectors that have considerable potential in encouraging economic growth such as small and medium enterprise sector which includes the agricultural sector which has been Indonesia's flagship sector bases, including Gorontalo. In this regard in order to continue promoting growth in the sector, the government at this time teurs improve the program of supporting facilities and infrastructure development in order to increase activity in the sector. This effort is one proof of the government's seriousness to improve the welfare of the people of Indonesia. Then, this spirit is in line with the noble ideals by the Indonesian Nation that has been poured into the constitution of the Republic of Indonesia year 1945.

Table 1: Number of population and GRDP per capita of Gorontalo Province (in bln.rp.) 2014

Regency/City	Total population	GRDP	GRDP per capita	Economic growth (%)
Boalemo Regency	149,832	2,552.99	17.039,02	7.93
Gorontalo Regency	370,441	6,496.91	17.538,31	7.77
Pohuwato Regency	146,896	3,378.00	23.110,71	7.31
Bone bolango Regency	153,166	2,290.65	14.955,34	7.46
North Gorontalo Regency	110,700	1,644.71	14.857,36	7.72
Gorontalo City	202,202	4,359.65	21.560,86	7.12
Gorontalo Province	1,332,371	20,775.70	109,061.60	7.55

The government's goal is not only to improve welfare but also to realize prosperous, just, prosperous and equitable society. Welfare is characterized by prosperity as measured by the increasing amount of consumption by society as a result of the increasing amount of income (Sumodiningrat, 2001).

Based on observations that have been done it turns out to show different situations, economic growth is quite high, not fully enjoyed by the Society Gorontalo. Evidently, there are still many of them who are under the poverty line. In 2014, the number of poor people in Gorontalo Province is 206.84 thousand people or 17.44% (Marsoro, 2016). Gorontalo is one of the provinces in Indonesia with a high level of poverty. In this situation, there is an anomaly between economic growth and poverty. High enough economic growth should be able to reduce the number of poverty in Gorontalo Province. But this situation shows different conditions. High economic growth it was not successful in suppressing poverty. This condition occurs because of high economic growth and is not followed by the distribution of income bundles, so, this situation leaves many social problems such as poverty, unemployment and also structural imbalances. Thus, the efforts to bring about a just, fair and prosperous society have not been fully achieved.

Departing from the description, this research is intended to study and analyze economic growth in Gorontalo Province and also to analyze the level of economic economic disparity between districts and cities in Grorontalo Province and also to examine the key sectors that can be used as the base economic sector.

Economic growth in Gorontalo Province in 2014 is in the range of 7.55% in excess of national economic growth. High growth does not mean not cause problems in the community because if seen from the value of GRDP in each regency and city it shows a considerable imbalance. For example, Gorontalo Regency has a high GDP value of 6,496.91 and followed by Gorontalo city 4,359.65, Pohuwato Regency 3,378.00, Boalemo Regency 2,552.99, Bone Bolango Regency 2,290.65 and the lowest position is North Gorontalo of 1,644.71. Based on the description it appears that from the 6 regencies and cities there is a considerable disparity. Based on the description of the problems above the research question that emerged is how big the level of economic disparity that occurred between the regencies/cities in the Province of Gorontalo?

In line with the description it can be said that the occurrence of unevenness in the distribution of income is as a result of unevenness in the implementation of development programs undertaken by the government in the province of Gorontalo, both at the regency and city level as well as at the district and rural areas. This condition resulted in economic activity tends to develop in certain areas only, consequently the economic potentials in some can not be managed adequately, so, the results also can not be optimized. This situation is one of the factors that contribute substantially to the economic inequality between regions in Gorontalo Province, both at the regency and city levels as well as at the district and rural levels.

Departing from the problems mentioned above then one of the factors that are important enough to be noticed is the programming of development. Thus, the government is not merely pursuing growth but there are also other aspects that are not less important to be resolved in order to promote economic growth and equity among regions, namely infrastructure development programs that must also be done fairly and equitably in order to encourage equity of economic activity throughout the province of Gorontalo. Therefore, the government should not only worship the GRDP as the target of development but rather focus on the quality and equity of the development process of facilities and infrastructure as a supporting factor of all economic activities. If economic activity develops evenly, then the economic inequality, both between regions and between communities is reduced, so that will create a just economic development.

The most accepted definition of economic development is a process where by a country's per capita income increases over a long period of time, noting that the number of people living below the absolute poverty line does not increase and the income distribution is not getting lame. Increased revenues as a result of development processes in empirical observations in many developing countries are only enjoyed by some residents. This condition indicates a problem in the development program. The three main problems of economic development are unemployment, poverty and disparities, both inequalities between people, between sectors and between regions. The three problems are related. Development actors who do not have the resources and do not have access in development will be unemployed because unemployed then have no income that ultimately lead to poverty. Poverty is the worst condition of the gap. A systematic development policy is needed to minimize the gap. Based on empirical experience, a development

strategy that simply prioritizes growth proves unable to solve the problem on the contrary often sharpens the gap and backwardness.

Literature review

Economic growth disparity: Inequality that occurs as a result of uneven development program policies can also be explained by development theory should be evenly distributed. Leaders of the theory who embrace the development paradigm should uniformly say that the difference in the level of economic progress between regions is excessive will cause a backwash effect dominate the effect of the spread (spread effect) on the growth of the region in this case resulted in the process of imbalance (Kuncoro, 2004).

According to Arsyad (1999), there are several studies on the problem of economic inequality between regions has been done. According to Myrdal the different levels of development between regions resulted in differences in welfare levels between regions. The existence of economic expansion in rich areas will cause more adverse effects (backwash effect) greater than the beneficial effect (Spread effect) and will slow the development process in poor areas. As a result there will be an imbalance. In line with Hirschman (1968) suggests that if an area develops then that development will bring influence or impact to other regions. According to Hirschman (1968), regions in a country can be distinguished into rich regions and poor areas. If the difference between the two areas is increasingly narrowed means going back (trickling down effects). Whereas if the difference between the two regions is increasingly far means polarization effects (polarization effects).

According to Sjafrizal, the first study was conducted by Esmara (1986). Using Williamson index as a measure of inequality between regions. To sharpen the analysis, the calculation of the imbalance index is here distinguished between GRDP including and excluding oil and natural gas. However, since, the availability of data on regional income in Indonesia at that time is still very limited, the term of discussion on the analysis is also limited, so that, generalization to obtain general conclusions is still difficult. Then, continued by research J.S. Uppal and Budiono Sri Handoko using the same way and longer data series. The process of accumulation and mobilization of resources in the form of capital accumulation, manpower skills and resources owned by a region is the trigger of the economic growth rate of the region concerned. The existence of heterogeneity and various characteristics of a region cause the tendency of inter-regional inequality and economic sectors of an area. Based on that fact according to Ardani argued that the gap/discrepancy between regions is a logical consequence of development and is a stage of change in development itself (Kuncoro, 2004; Williamson, 1975).

Klassen typology analysis: Before analyzing the level of economic imbalance between regencies and municipalities in Gorontalo Province, this research is firstly done by Klassen typology analysis in order to know the picture about pattern and structure of economic growth of each region in Gorontalo Province used Klassen typology analysis. According to Kuncoro (2004), stated that Klassen typology basically divide the region based on two main indicators, namely regional economic growth and per capita income area.

Willamson index analysis: To analyze how big the gap or economic disparity between regencies and cities in Gorontalo Province is done by using Williamson index calculation. According to Sjafrizal, Intra-regional development imbalances can be measured by the Williamson Index using the Gross Regional Domestic Product (GRDP) per capita as basic data. The reason is clear because the comparison is the level of development between regions and not the level of income distribution between community groups (Kuncoro, 2004).

MATERIALS AND METHODS

For this study, the population consists of regencies and cities in Gorontalo Province. To measure the economic growth disparity, this research utilizes Klassen typology and Willamson index analysis.

RESULTS AND DISCUSSION

Klassen typology analysis: Through this analysis, there are four characteristics of different patterns and structures of economic growth, namely: rapid growth, developed but retrograde (Retarted Region), growing region and relatively left (relatively region).

Typology analysis of Boalemo Regency. In the above data it shows that the value $y_i = 7.24$ and $y = 7.91$ ($y_i < y$) while the value of $r_i = 7.31$ and the value $r = 7.64$ ($r_i < r$). Based on these data it can be said that Boalemo Regency has low income and low growth. Thus, Boalemo Regency is a somewhat underdeveloped area when compared to some other regencies/cities in Gorontalo Province. Boalemo Regency has an economic growth rate and GRDP per capita which is relatively low compared to other regencies/cities in Gorontalo Province (Table 2). Typology analysis of Gorontalo Regency. In the above data it shows that the value $y_i = 9.96$ and $y = 7.91$ ($y_i > y$) while the value of $r_i = 7.77$ and the value $r = 7.64$ ($r_i > r$). Based on the data it can be said that Gorontalo Regency has a high income and high growth. Thus, Gorontalo Regency is a relatively more developed area compared to other districts in Gorontalo Province because it has higher economic growth and GRDP per capita than

Table 2: Regency/City Klassen typology matrix

Year	r	y	r_i	y_i
Boalemo Regency	7.64	7.91	7.31	7.24
Gorontalo Regency	7.64	7.91	7.77	9.96
Pohuwato Regency	7.64	7.91	7.46	7.44
Bone Bolango Regency	7.64	7.91	7.72	7.45
North Gorontalo Regency	7.64	7.91	7.12	7.10
Gorontalo City	7,64	7.91	7.93	7.88

the average of other regencies in Gorontalo Province. Typology analysis of Pohuwato Regency. In the above data it is shown that the value y_i = 7.44 and y = 7, 91 (y_i<y) while the value of r_i = 7.46 and the value r = 7.64 (r_i<r). Based on these data it can be said that Boalemo Regency has low income and low growth (low growth and low income). Thus, Pohuwato Regency is a relatively lagging region compared to other regencies/cities in Gorontalo Province because the economic growth rate and GDP per capita are quite low when compared with the average growth of other regencies/cities in Gorontalo Province.

Typology analysis of Bone Bolango Regency. In the above data it shows that the value y_i = 7.45 and y = 7.91 (y_i<y) while the value of r_i = 7.72 and the value r = 7.64 (r_i>r). Based on the data it can be said that Bone Bolango Regency includes low income regional typology and high growth and low income growth is the level of growth but the level of GRDP per capita is lower when compared with the average growth of other regencies in Gorontalo Province. Although, the growth rate and GDP per capita of Bone Bolango Regency is relatively low it is still superior compared to the regencies, Boalemo, Pohuwato and North Gorontalo, since, Bone Bolango Regency can still achieve relatively higher economic growth compared to the economic growth rate Gorontalo Province.

North Gorontalo Regency tipology analysis. In the above data shows that the value y_i = 7.10 and y = 7.91 (y_i<y) while the value of r_i = 7.12 and the value r = 7.64 (r_i<r). Based on the data it can be said that North Gorontalo Regency has low income and low growth. Thus, North Gorontalo Regency is the most underdeveloped area compared to other regencies/cities in Gorontalo Province. North Gorontalo Regency has the lowest rate of economic growth and GRDP per capita compared to other regencies/cities in Gorontalo Province.

Typoligy analysis of Gorontalo city. In the above data it shows that the value y_i = 7.88 and y = 7.91 (y_i<y) while the value of r_i = 7.93 and the value r = 7.64 (r_i>r). Based on the data it can be said that typology of Gorontalo city is including low income and high growth. Thus, the city of Gorontalo is a relatively more developed area compared to Boalemo, Pohuwato, Bone Bolango and North Gorontalo Regency, although, the income level is relatively low but the income level is still relatively higher compared to Boalemo, Pohuwato, Bone Bolango and North Gorontalo Regency.

Willamson index analysis: The basic calculation is to use GRDP per capita in relation to the population per region. GRDP Per Capita of Gorontalo Province (in billion rupiah) from 2011-2014 as shown in Table 1. Furthermore, the data is processed to obtain values against some of the components required in finding the Williamson index as shown in Table 3:

$$IW = \frac{\sqrt{6,789,549.68}}{18,176.93}$$

$$IW = \frac{2605.68}{18,176.93}$$

$$IW = 0.14$$

In this study it was found that Gorontalo Province in 2014 had a Williamson inequality of 0.14 according to Williamson's discrepancy requirement it can be said that the distribution of economic inequality between regencies/cities in Gorontalo Province is already quite low. The low value of economic inequality between regencies/cities in Gorontalo Province then indicates that the equalization of economic growth in Gorontalo Province is quite good.

Furthermore, based on these results indicate that the economic development program in the province of Gorontalo has been running well but not fully in the optimal level of equity because if seen from the value of Williamson index, still shows an imbalance of 0.14 or 14%. Thus, this condition still separates the responsibility to the Gorontalo Provincial Government to continue to press the number of inequities in order to realize the ideals of the Indonesian Nation that has been poured into the constitution of the Indonesian Republic of 1945 which is to create a just and prosperous society. Prosperity must be supported welfare level. Therefore, to realize these goals, the Gorontalo Provincial Government always strives to continue to promote just economic growth in order to realize a prosperous, just and prosperous society.

Despite the relatively small number of Williamson index imbalances, however when viewed from the value of gross regional domestic product at each regency and city in Gorontalo Province in 2014 it still shows a relatively high inequality among regencies and cities as shown in the Table 1. If viewed from GRDP data in 2014 by every regency and city in Gorontalo Province it is clear that Gorontalo Regency has much higher GRDP value compared to other regencies/cities that is 6,496.91 (bln.rp.). Then, each followed the city of Gorontalo for 4,359.65 (bln.rp.); Pohuwato Regency of 3,378.00 (bln.rp.); Boalemo Regency amounted to 2,552.99 (bln.rp.); Bone Bolango Regency is 2,290.65 (bln.rp.) and the lowest is North Gorontalo Regency of 1,644.71. The next problem is the high rate of poverty. Currently, Gorontalo Province is a province with a high poverty rate

Table 3: The steps of finding the Williamson index

Kabupaten/Kota	y_i	y_i-y	$(y_i$-y$)^2$	f_i/n	$(y_i$-y$)^2 f_i$/n
Boalemo Regency	17,039.02	-1,137.91	1,294,861.926	0.11	145,613.91
Gorontalo Regency	17,538.31	-638.62	407,835.504	0.28	113,697.18
Pohuwato Regency	23,110.71	4,933.78	24,342,185.088	0.11	2,683,764.34
Bone Bolango Regency	14,955.34	-3,221.59	10,378,642.12	0.11	1,193,102.82
North Gorontalo Regency	14,857.36	-3,319.57	11,019,544.984	0.08	915,558.53
Gorontalo City	21,560.86	3,383.93	11,450,982.245	0.15	1,737,812.90
Average	18,176.93			Total	6,789,549.68

which is 17.44%. Based on these problems there are several factors behind the economic inequality between the regency and the city and the high poverty rate in Gorontalo Province that is in addition to the different factors of natural resource potential owned by each region also due to infrastructure development factors that have been tend to run unevenly, resulting in economic activity tend to move unbalanced.

From the observation it is clear that economic activity in Gorontalo Province in particular tends to move in areas that already have adequate infrastructure and facilities and infrastructures. The situation, very clearly visible in the areas of Gorontalo and Gorontalo Regency is as long standing government territory and has much better infrastructure compared to the other 4 regencies that are still relatively new. The regencies is the result of the expansion of Gorontalo Regency, the Boalemo Regency was split in 1999, Bone Bolango Regency was split in 2003, Pohuwato Regency was split in 2003 and North Gorontalo Regency in 2007. Of the four regions, infrastructures conditions far behind from Gorontalo Regency as well city of Gorontalo. The four regencies tend to have inadequate infrastructure and limited facilities and infrastructure, especially, in rural areas located far from urban centers and in mountainous areas. In those areas it is still very little touched by the development program, so, in those areas it tends to be difficult to access due to its infrastructure condition is still bad, especially, the street facilities are still many that have not been paved. In addition, the limited means of transportation that can support the flow of people's mobility in these areas, consequently economic activity run by them tend to have high cost consequences.

Boalemo Regency, Bone Bolango Regency, Pohuwato Regency and North Gorontalo Regency have a large number of mountainous areas, so, from those four regencies there are still many areas that are still very difficult to reach because they are constrained by bad road conditions. The intended areas are Taluditi District, Randangan District and Popayato District, Paguyaman District, Wonosari District, Bone Pantai District, Suwawa District, Tapa District, Sumalata District, Tulinggula and several other areas. In these areas are areas where there are many mountains with bad road conditions because there are still many that have not been paved. Therefore, the economic potentials in the region can not be managed adequately, so, the results also can not be maximized. Thus, the economic condition of the people in the region, much is far from adequate and even in those areas are the spots of poverty or the region with the highest number of poor people.

The infrastructure development programs undertaken by the Indonesian government, particularly the provincial government of Gorontalo are concentrated more in certain areas, especially, in urban areas, so that, this situation tends to have implications for the uneven movement of economic activity at the regecnies level and cities, as well as at the district and village levels. During this time, infrastructure development is mostly done in urban areas, so that, economic activity is also more active in the region. Although, the economic base sector is sourced from rural areas, the products produced by farmers tend to be traded in urban areas as a business center. Their products tend to be sold to middle men and middle men who will sell them to merchants in urban centers for subsequent resale to end consumers. The length of the product travel chain to get to the end consumer resulted in their products not being sold for a high price. In addition it is still relatively high cost required to mobilize products to reach the intended consumers as a result of infrastructure conditions that tend to poor and limited means of transportation. In addition, the positions of farmers are very weak in determining the prices, since, they are related to the limited number of middlemen making their position stronger in determining the price. This situation, making the farmers not much benefit.

The inequality of the allocation of development programs in Gorontalo Province has had a direct impact on the development gap in each regency and city. Over the course of time, development programs are concentrated in the villages or sub-districts in the urban centers of each district and city, thereby developing in the community from other sub-districts mentioning that there are no unpaved roads in those sub-districts. The inequality of development leads to social jealousy, especially, in sub-districts that feel marginalized.

Other follow-up impacts arising from the inequality of development programs in addition to the threat of regional stability also hampered economic growth and development of sub-district areas and also impact on the growth and development of the district or the city itself. The population distribution becomes uneven, the

population tends to concentrate on urban areas and sub-districts that are more likely to provide a more decent life. Many villages are beginning to be abandoned mainly by young people in addition to the nature of villagers who like to wander more because the hometown is not again able to provide job opportunities. Agriculture is no longer attractive to them. While other jobs are not there, so, forced residents to wander to other areas or cities.

In this study, it was found that economic inequality is not entirely caused by the policy of infrastructure development program but from observation that has been done it is also influenced by natural resource factor, human resources and the number of industries. In the research it is seen that Gorontalo Regency has a relatively better natural resource potential compared to some other regencies. Gorontalo Regency has extensive agricultural, forestry, marine areas and is also relatively better than other districts. In addition it has the highest number of population which is 370,441 people as shown in Table 1. Besides, it is also supported by a better education level than other districts because Gorontalo Regency as the old regency has educational facilities and infrastructure much more adequate than other regencies. In addition, the creative industry is also more developed in the region. However, if viewed from the potentials of each sector this region is still strengthened by sectors, agriculture, forestry and fisheries, proven contribution to the sector has the highest contribution to the formation of GRDP Gorontalo Regency, amounting to 39.51% or 12,566,720,910 mln.rp. Then, the city of Gorontalo as the region having the second largest GRDP after Gorontalo Regency, also the economic potential is more prominent than the district, Boalemo, Pohuwato Regency, Bone Bolango Regency and North Gorontalo Regency. The city of Gorontalo also has the second largest population with more education levels above the average of other districts. In addition, trading, services and construction activities are also more prevalent than other districts. Meanwhile for the four districts that are still relatively new tend to lag behind in many ways, especially, from the condition of other supporting infrastructure facilities.

The above empirical studies show that countries with centralized planning have attempted to build a hierarchy of population settlements with a production system. This structure is designed to enable the growth of controlled urban centers through policies that deliberately promote investment in centers expected for growth and investment restrictions in other regions. The same approach has been used to limit the expansion of small towns and to encourage the development of small and medium-sized cities.

CONCLUSION

Based on the background description, problem formulation, research objectives and discussion of research results then the conclusions of the study can be formulated as follows: In this research found that Boalemo, Pohuwato and North Gorontalo Regency have low income and low growth, Gorontalo Regency has high income and high growth rate, Bone Bolango Regency and Gorontalo Municipality have low income and high realization growth. In this study found that economic inequality between regencies/cities in Gorontalo Province is quite low with the value of Williamson index 0.14 (close to 0). This means that economic growth in the province of Gorontalo is almost evenly distributed in every regency and city.

ACKNOWLEDGEMENT

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