DEVELOPMENT INEQUALITY OF DISTRICT/ CITY IN SOUTH SUMATRA (2008 - 2015)

Siti Rohima [1*]

[1] Universitas Sriwijaya, Palembang, Indonesia

Abstract

This study aims to determine the effect of PAD, DAU, regional expenditure and economic growth to the development gaps in the province of South Sumatra. The data used is secondary data in the GRDP, regional expenditure, PAD and DAU per district / city in the period 2008- 2015. In this study, using a quantitative approach. Technical analysis of using Williamson index calculation and linear regression. These results indicate that the PAD and Expenditure have a positive effect, on the contrary DAU and economic growth have a significant negative effect on the development gaps District / City in the province of South Sumatra.

JEL Classification: *H70, H77, O10*

Keywords: *DAU, Development inquality, Economic Growth, PAD, Regional Expenditure*

1. INTRODUCTION

Development is defined as a multidimensional process that involves a variety of fundamental changes in the social structure, social behavior, and social institutions, in addition to the acceleration of economic growth, equitable distribution of income inequality, and poverty eradication (Todaro, 2007). Therefore, the purpose of the construction itself is to improve the welfare of the community. In improving people's welfare required increased economic growth and equitable distribution of income. Rapid economic growth is not matched by equity, will lead to disparity.

South Sumatra province has a fairly high economic growth, but also can not be separated from development gaps. This is reflected in the GRDP district and the city of South Sumatra Province are very different. There are several areas of the city has GRDP rate relatively high, and there are some parts of the district that has a level of development of the GRDP is quite low. One measure of the achievement of the development is to look at the Gross Regional Domestic Product (GRDP) owned. The GRDP figures as well as a comparison of the achievements of development across the country. The greater value of GRDP of a region depict the economic level achieved. In addition it also as an evaluation of development that has been achieved.

The highest economic growth is Pagaralam city amounted to 446, 58%, the second highest is Prabumulih amounted to 349.64%, and the third is Lubuk Linggau amounted to 291.84%. The lowest economic growth is Empat Lawang 12.32%, the second lowest is Banyuasin district amounted to 76.20%, and the third lowest is the Musi Rawas amounted to 79.32%. This condition can be seen in the following figure:

* Corresponding author. *Email address*: sitirohima@unsri.ac.id

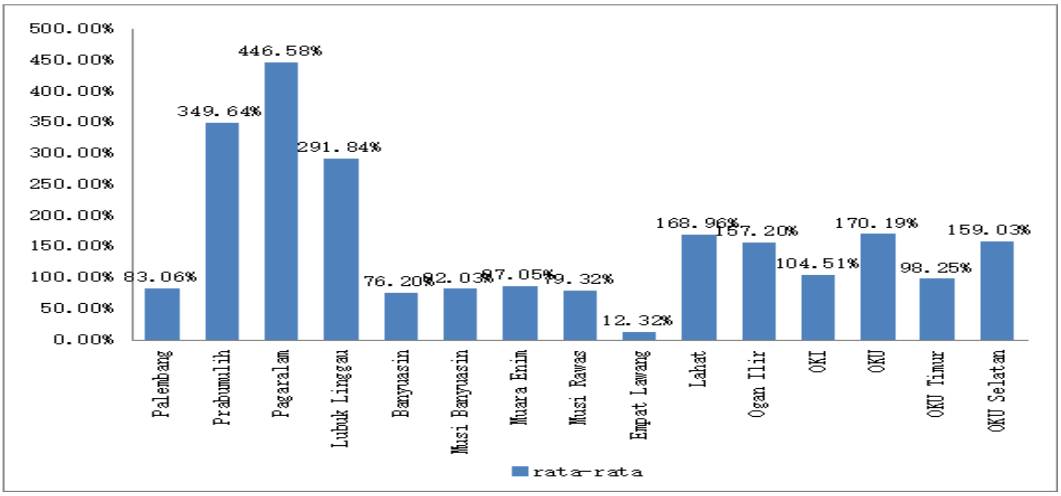

Figure 1 Economic Growth District / City
Source: Data processed, 2016

Based on Figure 1 which shows the economic growth through the realization of GRDP at constant 2000 prices come into force during the years 2004 to 2013 has fluctuated, during the 2004-2009 period, the city of Palembang who occupied the highest positions, but during 2010-2013 Musi Banyuasin who occupy the highest position , Based on descriptive statistics table the average rate of economic growth in South Sumatra province amounted to 0.068027 (7%), with the highest value is Palembang amounted to 0.275665 (28%) in 2009 and the lowest value is Pagaralam by 0, 009 465 (9%) occurred in 2009, as well as the standard deviation of 0.060505 (6%).

Development gaps between regions is a common aspect in economic activity in a region. This inequality is basically caused by the difference in the content of natural resources and differences in geography contained in each region. As a result of this difference, the ability of an area to encourage the development process also becomes different. Therefore, it is not surprising when in any area there is usually a forward region (Development Region) and underdeveloped region (underdevelopment Region).In addition, the disparity can be seen from several aspects of fiscal imbalances. It can be seen from the locally generated revenue (PAD), DAU and Expenditure different in each district / city. This condition will contribute and implications for the level of social welfare. If this situation continues, then the imbalance of development will be increased and equitable development will not be realized in the province of South Sumatra.

Issues

How the influence of locally generated revenue (PAD), general allocation fund (DAU), Regional Expenditure and Economic Growth to the development inquality in the province of South Sumatra?

2. LITERATURE REVIEW

1. Inequality of Regional Development

One of the goals of regional economic development is to reduce the inequality (disparity). The increase in per capita income does indicate the level of economic progress of the region. But the increase in income per capita does not always indicate that a more equitable distribution of income. Often in developing countries into the economy over emphasize the use of capital than

on labor so that the advantage of the economy is only enjoyed by some community members. If it turns out the national income are not enjoyed equally by all levels of society, it can be said that there has been inequality. There are several forms of imbalance in regional development.

2.Regional Income Disparities

Inequality is not only on the distribution of public revenues, but also occurs on development between regions in the territory of a country. Jeffrey G. Williamson (1965) examined the relationship between regional disparities in levels of economic development, using economic data and the developed countries that are developing. It was found that during the early stages of development, regional disparity becomes greater and development concentrated in certain areas. At this stage a more "mature", judging from economic growth, it appears the balance between the regions and the disparity is reduced significantly. Williamson uses Williamson Index (Williamson) to measure the inequality of development among regions. Williamson index using the GRDP per capita as a baseline.

Figures Williamson index coefficient is 0 <IW <1. If the index gets smaller Williamson or close to zero indicate that the smaller imbalance or otherwise more evenly and greater numbers indicate inequality widened. Although this index has a weakness that is sensitive to the definitions used in the calculation region means that if the size of the area used is different it will affect the results, but quite commonly used measure of inequality of development among regions.

3. Causes of Inequality of regional Development

The process of accumulation and mobilization of resources, such as capital accumulation, inequality of labor, and natural resources are owned by the region is the trigger in the region's economic growth rate is concerned (Riadi, 2007). Heterogeneity and diverse characteristics of an area leads to a tendency imbalance between regions and between sectors of the economy of a region. Based on the fact that, inequality / disparity between regions is the logical consequence of development and a step change in the development itself.

According to Myrdal (1957), differences in the level of economic development between regions overload will cause an adverse effect (backwash effects) dominated the beneficial effects (spread effects) on the growth of the area, in this case resulted in the imbalance. Actors who have the power in a normal market will tend to increase rather than decrease, resulting in inequality between regions (Arsyad, 1999, in Pakpahan, 2009). As for the factors of inequality of development among regions (Manik, 2009), namely:

a. Differences content of natural resources
b. Differences Demographic Conditions
c. Less Smooth Mobility Goods and Services
d. The concentration differences of Regional Economic Activity
e. Inter-regional Development Fund Allocation

4. Growth Theory

Development is a process of transformation in the course of time is marked by changes strktural that changes in economic activity and the

foundation framework of economic structure of the community. In general, development is always accompanied by the growth, but growth is not necessarily accompanied by the development. At the beginning level, economic development accompanied by the growth and vice versa (Irawan and Suparmoko, 1988).

Neo-Classical Model adherents in Sjafrizal (2008) argues that the mobility of factors of production, both capital and labor, at the beginning of the development process is less smooth. As a result, at the time of capital and skilled manpower tend to be concentrated in the more advanced so that the regional development gaps tend to widen (divergence). However, if the development process continues, with improvements in the infrastructure and communication facilities then the mobility of capital and labor will be more smoothly. Thus, later after the country concerned has advanced the regional development gaps will be reduced (Convergence).

Endogenous growth models developed to complement the theory of neo-classical economic growth. Endogenous growth theory was originally developed in two branches of thought which is based on the importance of human resources as a key element in the economy (Capello, 2007). According to Simon Kuznets in Kuncoro (2006) hypothesized the inverted U curve (Inverted U Curve) that initially when construction began, the income distribution will be more unequal, but after reaching a certain level of development, more equitable income distribution.

Musgrave and Rostow in Mangkunsoebroto (1998), developed a model of the development of government spending, which connects the development of government spending with the stages of economic development. The development of state expenditures in line with the stage of economic development of the country. In the early stages of economic development required a large state spending for public investments, mainly to provide infrastructure. At the intermediate stage of economic development, investment is still required for economic growth, but private sector investment is expected to have already begun. In advanced stages of economic development, government spending is still needed, particularly to improve the welfare of the community.

5. Locally Generated Revenue (PAD)

Local revenue is revenue derived from various sectors of local taxes, levies, local owned company results, the results of seperated regional wealth management, and other legitimate local revenue (Mardiasmo, 2502). According to Law No. 33 of 2004 on the financial balance, the local revenue or PAD is a local earned income levied by local regulations in accordance with the legislation. PAD aims to give authority to local governments to be able to fund their own regional autonomy in accordance with the region's potential as an embodiment of decentralization.

The main characteristic that indicates a region capable of autonomous autonomy lies in the area of financial capability, which means the autonomous region must have the authority and ability to dig their own financial resources, manage and use their own finances are sufficient to finance the organization of local governments. In an effort to increase the revenue potential, then an area is prohibited:

a. Set rules about revenue which leads to a high cost economy, and

b. Establish regional regulations that inhibit the income mobility of the population, the traffic of goods and services between regions, and import / export activities.

Under Law No. 33 of 2004 on the financial balance, revenue derived from: (1) local taxes, (2) Levies, (3) Results of Regional Wealth Management separated, and (4) Other PAD legitimate.

6. General Allocation Fund (DAU)

DAU is the block grant given to all counties and cities for the purpose of filling the gap between capacity and fiscal needs and distributed by a formula based on certain principles that generally indicates that the poor and backward areas should receive more than poorer areas.

According to Ma (1997 in Hamid: 2005) said there are three reasons to have allocation (transfer) between the government: (1) there is a vertical imbalances (vertical fiscal imbalance), (2) the existence of horizontal fiscal imbalances (horizontal fiscal imbalance) that is the difference kabutuhan fiscal and fiscal capacity between regions, (3) the effects of inter-regional delegation (spill over effect), namely the economic externalities and diseconomies of an activity in an area on the other area.

Under Law no. 33 In 2004, the central government transfers to the District and the City in the form of General Allocation Fund (DAU) and Special Allocation Fund (DAK). In the definition of general allocation funds can be interpreted as follows: (Sidik in Kuncoro, 2004), namely:

1. One of the components of the balance funds in the state budget is based on the concept of fiscal pengalokasiann gap or fiscal gap is the difference between fiscal needs and fiscal capacity.
2. Instruments to address horizontal imbalance, which is allocated for the equitable distribution of financial capability among the areas where the user is determined entirely by the region.
3. *Equalition grant*, Which serves to neutralize the ability of regional financial imbalances in the presence of PAD, Tax Revenue and Profit Sharing obtained SDA area.

In reducing fiscal imbalances to the financing needs and the taxation between center and regions have coped with the financial balance between the central and regional (DAU policies for results and a minimum of 25% of domestic revenue). DAU will provide capacity for the region in obtaining the financial resources to finance the expenditure needs which it is responsible (Khusaini, 2006).

Factors to be considered by the DAU formula is the variable needs of the region and the economic potential of the region. Reflect local needs of regional spending with a variable number of population, area, geography and income levels to pay attention to the poor. While the economic potential of the region is reflected by the revenue potential areas such as PAD, SDA, Non SDA and the DAU.

3. RESEARCH METHODS

1. The Scope of Research

Research on the analysis of the financial performance of the district / city in South Sumatra province using quantitative research methods. The data used is the data the GRDP, regional expenditure, PAD and DAU per district /

city in South Sumatra province in the period 2008- 2015.This study uses an index wiiliamson and multiple linear regression analysis model with the scope of the 15 districts / cities in South Sumatra Province period 2008-2015.

2. Data Analysis

This study used quantitative analysis techniques. This study uses analysis techniques

1. **Williamson Index**

Basically Williamson index is the coefficient of dispersion (coefficient of variation) of the average value calculated based on the estimated distribution of the values of the regional expenditure and population areas that are in the scope of areas to be studied and analyzed. Calculation basis is to use the revenue share per capita in relation to the total population. The higher the index value Williamson then the discrepancy between regions will be even greater (Kuncoro, 2004).

The Williamson index calculation formula is:

$$IW = \frac{\sqrt{\sum_{i=1}^{k}\left(Yi \quad \overline{Y}\right)^2 \frac{fi}{n}}}{\overline{Y}} \qquad \text{..... (1)}$$

Information:

IW: Williamson Index

Yi: GRDP per capita in the district / city i

Ŷ: average GRDP per capita in the province

Fi: The population of the district / city i

n: The number of residents in the province of South Sumatra

i: 1,2, ...

k: The number of districts / cities $0 \leq IW \leq 1$

so the higher williamson index, the higher the inequality between districts / cities.

Multiple Linear Regression Analysis

In analyzing the effect of economic growth, PAD and DAU to development gaps used test equipment in the form of descriptive statistical analysis, regression analysis and hypothesis testing. Multiple linear regression analysis to measure whether the dependent variable is really determined by the independent variables with the method of Least Squares (LS).

As for the model equations used in this study are:

$IW = \alpha + \beta 1\ PADit + \beta 2 DAUit + \beta 3\ \beta 4\ BD + PE + etit$ ..... (2)

Information :

IW = Inequality Development

α, β = coefficient

PE = Growth in region i in year t

PAD = Locally Generated Revenue in region i in year t

DAU = General Allocation Fund The region i in year t

BD = Regional Expenditure

et_{ir} = *error term*

4. RESULT AND DISCUSSION

Inequality Development District / City in the province of South Sumatra

South Sumatra is one of the provinces in Indonesia, located in the southern part of the island of Sumatra. The province thousands of cities in Palembang. Geographically, South Sumatra Province is situated between 1 degree to 4 degrees south and 102 degrees to 106 degrees east longitude with a wide area entirely 87017.41 km2 and is bordered by the province of Jambi in northern province of Kep. Bangka Belitung in the eastern province of Lampung in the south, and the province of Bengkulu on the west.

Administratively South Sumatra province consists of 15 districts and the City Government. The province is rich in natural resources, such as petroleum, natural gas, and coal. Different natural resources and the ability and financial performance of different areas in the district / city influence developments in South Sumatra province.

Development gaps between regions and between the regions with the central one to the other is a natural thing, because of the differences in resources and the early implementation of development across the country. This imbalance was initially caused by the difference in the content of the natural resources and differences in demographic conditions contained in each - each region. As a result of this difference, the ability of a region to promote economic growth and encourage the development process also becomes different. The most commonly discussed inequality is economic disparity. Economic development gaps between regions in absolute terms and relative imbalance between the potential and the welfare of the implications for social welfare in the region concerned and the problems in the relationship between the regions. This implication is typically generated in the form of jealousy and discontent communities can also continue with political implications and public tranquility. Therefore, this aspect of economic development disparity between regions needs to be addressed through the formulation of regional development policies undertaken by local governments.

South Sumatra province with 15 districts / cities spreading and potentially diverse. These potential differences may affect the development of the district or the city. Based on the index value calculation Williamson South Sumatra province in 2009- 2015, the district has tertinggai ketimpang level is Musi Banyuasin is 0.736. Basically fluctuated in the range of 0.777 to 0.947. When in view of the inequality district and the city's largest inequality figures contained in Musi Banyuasin which in 2015 reached the figure of 0.947 inequality. Then, the second inequality occupied by the city of Palembang in 2015 reached the figure of 0376. While the index of inequality based on Williamson's most Musi Rawas lowest in the North with a rate of 0,103 in 2015. The condition of fluctuations in regency / city inequality can be seen in the following figure.

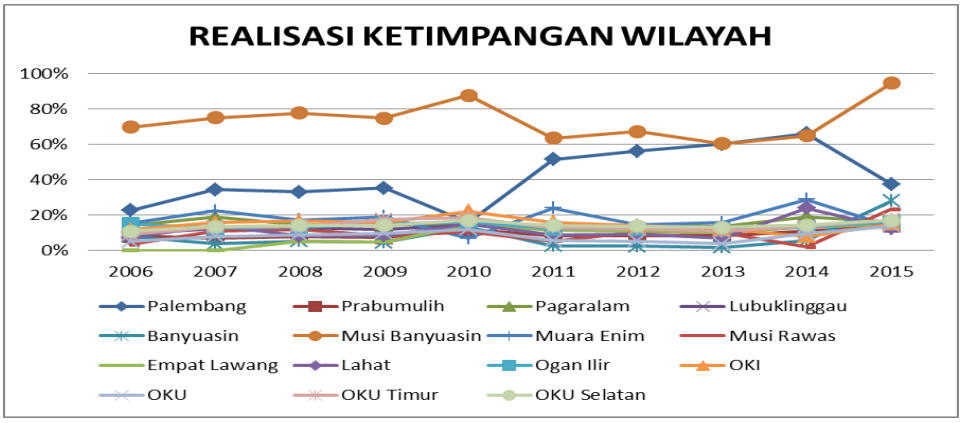

Figure 2 Development of Inequality in South Sumatra Province
Source: Data processed, 2016

From the graph above is known developments Williamson index contained in the province of South Sumatra and its counties and cities from the year 2006-2015 is fluctuating or increasing and decreasing every year. Inequality Development in South Sumatra Province from the difference in economic growth in various sectors. Based on the results of the index calculation can dikethui tngkat Williamson inequality in South Sumatra province, as can be seen in Table 1. Inequality Index by Williamson in 2006 lowest inequality level when compared with the years that followed that with a rate of 0.818. While in 2010 the numbers rose to 1.032 inequality and dropped back to the year 2013 but still in the high inequality figures. While in 2014 and 2015 the rate of inequality in South Sumatra Province continued to increase which amounted to 1.078 and 1.204.

Table 1 Development Disparities District / City in South Sumatra Province

Year	IW
2009	0,951
2010	0,941
2011	1,032
2012	0,959
2013	0,935
2014	1,078
2015	1,204
Average	.980

Overall, the spatial inequality in South Sumatra province along with District and State is very high because the value of the index williamson South Sumatra province and its Districts and Cities close to 1 even there that exceeds 1. This indicates a relatively high level of inequality. One contributing factor is the enactment of the regional autonomy system in the province of South Sumatra, especially in 2003, namely the expansion area so there are new districts / cities with new potential for the city of Lubuk Linggau, Banyuasin district, the city of Pagar Alam and Prabumulih.

The potential of the natural resources of a region will affect the reception and the local finance. An area that has a lot of oil, gas and other natural potential tend to have more advanced development than areas that have oil and gas

potential slightly so that a reasonable case of inequality between regions. In addition to the number of population and the low per capita income inequality is another factor causing the expansion of new districts so that the economic conditions of the new district is not adequate structuring and financial needs in the area to explore the potential as a source of revenue. The potential of different natural resources owned by the region may lead to imbalances between regions as more and more natural resources are owned it for greater results, whereas a poor area of natural resources. Efforts are being made that the DAU transfer administration of the regional center. This transfer is given to reduce the fiscal imbalance that occurs, especially for areas that lack natural resources. Efforts are made with the transfer of DAU from the central to the region. This transfer is given to reduce fiscal imbalances that occur, especially for areas with minimal natural resources (SDA).

REPRESENTATION:

Y = 0.234547269921 + 8.0726528297208X1 - 2.871049257507X2 – 0.000193190577511 X3 + 1.226597073709 X4

- CONSTANTS = 0.234547269921
- COEFFICIENT
  - β1 (PAD) = 8.0726528297208
  - β2 (DAU) = - 2.871049257507
  - β3 (PE) = - 0.000193190577511
  - β4 (BD) = 1.226597073709

Based on calculations performed, that:

Variable PAD has a significant positive relationship with development gaps Where if PAD increased by 8.0726528297208, then the discrepancy region will also be increased by 8.0726528297208, with the assumption of increasing economic growth so that PAD can be distributed evenly.

Furthermore, variable DAU has a significant negative correlation with development gaps. Where if DAU increased by 2.871049257507, then the discrepancy region will decrease by 2.871049257507.

Results of the calculations stated PE has significant negative correlation with development gaps. Where if PE is increased by 0.000193190577511 will cause a decrease in the level of inequality region of 0.000193190577511.

Similarly, the variable SW has a significant positive relationship with development gaps. Where if BD-09 increased by 1.2265970737 the imbalance development of the region also increased by 1.226597073709. Because the area allocated expenditure indicates the amount of improvement that should be corrected in the area, so that the more unequal a region, the greater the expenditure incurred area but this does not guarantee a more equitable distribution of shopping areas throughout the district there.

Hypothesis testing

Hypothesis testing is done to see whether there is a direct influence of the independent variables on the dependent variable either partially or simultaneously (together). As for which is used to test hypotheses, namely:

Simultaneous Test (F-Test)

F test was used to test whether the independent variables affect simultaneously / together against the dependent variable, ie by comparing the F-statistic with F-table

Variable	Coefficient	Std. Error	T-Statistic	Prob.
C	0.234547	0.021465	10.92682	0.0000
X1	8.07008	1.37008	5.892879	0.0000
X2	-2.87007	3.20008	-8.975939	0.0000
X3	-0.000193	5.48005	-3.526724	0.0007
X4	1.23009	2.89010	4.248165	0.0001

From the ANOVA table can be obtained significance value of 0.000 F test where this value is less than 0.05 then the results obtained with the level of significance is Ho was rejected and the conclusion there is significant influence simultaneously from PAD, DAU, Economic Growth and Expenditure against inequality of development.

Partial test (t-TEST)

This test is used to test whether a partial effect of independent variables on the dependent variable, namely by comparing each value of t-statistic of regression with t-table.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.234547	0.021465	10.92682	**0.0000**
PAD	8.07008	1.37008	5.892879	**0.0000**
DAU	-2.87007	3.20008	-8.975939	**0.0000**
PE	-0.000193	5.48005	-3.526724	**0.0007**
BD	1.23009	2.89010	4.248165	**0.0001**

Assessment of the effect of PAD to Regional development Imbalances partially. At the output estimation results by using e-views with methodPanel EGLS (Cross-section weights) found that the number of significance for the variable revenue of 0,000. Due to the significance value less than 0.05 then the results obtained with the level of significance is Ho is rejected and the conclusion there is significant influence partially from PAD to Regional Development Disparities in the district of Se-South Sumatra.

Assessment of the effect of the DAU to partially Regional Disparities. At the output estimation results by using e-views with Panel method EGLS (Cross-section weights) found that the number of significance for variable DAU 0,000. Due to the significance value less than 0.05 then the results obtained with the level of significance is Ho is rejected and the conclusion there is significant influence partially from the DAU to the Regional Disparities in the district of South Sumatra.

Testing the effect of economic growth on Regional Imbalances partially. At the output estimation results by using e-views with Panel method EGLS (Cross-section weights) found that the number of significance for Economic Growth variable of 0.000. Due to the significance value less than 0.05 then the results obtained with the level of significance is Ho is rejected and the conclusion there is significant influence partially on the Growth of the Regional Disparities in the district of South Sumatra.

Testing the influence of local expenditure on Regional Imbalances partially. At the output estimation results by using e-views with methodPanel EGLS (Cross-section weights) found that the number of significance for local expenditure variable of 0.000. Due to the significance value less than 0.05 then the results obtained with the level of significance is Ho is rejected and the conclusion there is significant influence partially from local expenditure on Regional Imbalances in the district of South Sumatra.

Analysis of Effect of PAD, DAU, Economic Growth and Expenditure Against Inequality Development

PAD has a significant positive relationship with the regional development imbalances. Where if PAD increased by8.07265282972, then the discrepancy region will also be increased by 8.07265282972. Based on the results of this calculation means Ho rejected in other words there is a significant and positive effect partially from PAD to Regional Development Disparities in the district of Se-South Sumatra. The higher revenue of a district / city will increase development in the region. If this condition is not offset by an increase in revenue from other districts / municipalities will cause an increase in inequality. According to research conducted by Koswara (2006) that the imbalance will occur if supported equitable income distribution. Equitable distribution provides the opportunity for society as a whole to enjoy development. This condition will increase per capita income and the community can participate in the development.

DAU has a significant negative correlation with development gaps. Where if DAU increased by 2.8710492575, then inequality will decrease by 2.8710492575 region. DAU provides financial assistance to regions mainly lack of funds for development activities. So if there is an increase in the DAU can reduce inequality. This condition is in line with research conducted Sukarno (2008) that DAU significant impact on the reduction of inequality such as income per capita. In addition, the necessary monitoring and setting standards that the use of general allocation funds right on the goal of decentralization is far local fiscal gap that ultimately reduce income inequality. In addition DAU / APBD significant impact on the reduction of inequality such as income per capita.

An area that progress will be more advanced and lagging regions will be left behind, this is due to differences of capital, labor, skills, technology, and public facilities are different in each region. In terms of capital, the capital in the area of advanced tersedian certainly more due to the rapid economic development is clear that there is also high turnover thus increasing the income of people in the area. In accordance with economic laws that increased revenues will increase consumption and private savings, and increase public savings to be the cause of a large capital investment in the area. In the area behind the sluggish economy the public revenue will be small so small that people's savings also resulted in the amount of capital available too small, not even rule out the little capital will be used by economic operators in developed regions. In terms of labor, wage level differences developed areas with underdeveloped areas would automatically lead to the displacement of labor from underdeveloped areas to developed areas heading for a higher income, thus lagging regions will lose its workforce. This is evidenced by the efforts made by many developed regions in order to stem the tide of urbanization is not

successful. In terms of skills and technology, in developed regions with so high level of competition to encourage people in the area to improve their skills and develop the technology that will support the economic activities of businesses that would be more superior than an entrepreneur to another, then businesses are lagging automatically do not want to lose the competition thus looking for ways to improve their skills and tekonologinya, and this condition continues. While in the lagging regions will take place conditions of stagnation, with a mindset that does not want to accept change is not impossible that the region will suffer a setback.

Furthermore, economic growth 0,000. Due to the significance value less than 0.05 then the results obtained with the level of significance is Ho is rejected and the conclusions are negative and significant effect on the Economic Growth Disparities in the Development District / City of South Sumatra province.Along Kuswara study (2006) on linkage analysis of economic growth and unequal distribution of income in the province of South Sumatra shows that income distribution between districts / cities in South Sumatra province during 2000-2005 by entering the oil and gas factor tends to be skewed, while the unequal distribution of income between districts / city in South Sumatra relatively well without oil and gas. Relations unequal distribution of income and economic growth of oil and gas in South Sumatra is the higher economic growth, the lower the degree of inequality of income distribution, which means it tends to follow the neoclassical hypothesis,

Regional expenditure has a significant positive relationship with development gaps. Where if the local expenditure increased by 1.2265970737, then the imbalance development of the region also increased by 1.2265970737. Because the area allocated expenditure indicates the amount of improvement that should be corrected in the area, so that the more unequal a region, the greater the expenditure incurred area but this does not guarantee a more equitable distribution of regional expenditure throughout the district there.

Overall it can be said that the PAD, DAU, Local Expenditure and Economic Growth also influence the development gaps district / city in South Sumatra province. Necessary that regional governments can minimize the occurrence of these imbalances, so that development tends to be evenly and well-being can be improved.

5. CONCLUSION

From a series of discussions about the regional development imbalances, the government's role in addressing regional development imbalances through government spending, and the influence of economic growth on development gaps.

Based on the index value calculation Williamson South Sumatra province in 2009- 2015, the district has the highest inequality level is Musi Banyuasin is 0.736. Basically fluctuated in the range of 0.777 to 0.947. When in view of the inequality district and the city's largest inequality figures contained in Musi Banyuasin which in 2015 reached the figure of 0.947 inequality. Then, the second inequality occupied by the city of Palembang in 2015 reached the figure of 0376. While the index of inequality based on Williamson's most Musi Rawas lowest in the North with a rate of 0.103 in 2015.

Partially PAD and Expenditure positive and significant impact on Inequality Development District / City in the province of South Sumatra. While DAU significant negative effect on the development Inequality Regency / City in the province of South Sumatra. As the need to control and setting standards that the use of general allocation funds right on the goal of decentralization is far local fiscal gap that ultimately minimize income gaps. Similarly, Economic Growth has a negative and significant impact to the development gaps Regency / City in the province of South Sumatra.

In general it can be said that the PAD, DAU, Regional Expenditure and Economic Growth positive and significant impact on Inequality Development District / City in the province of South Sumatra.

Suggestions

1. The need for serious government attention to resolve the problems related to the economy, especially for distributing development and the GRDP per capita of the population in the existing district or region. One way is to increase the economic activities or economic centers in the region through the empowerment of community economic activities.
2. Consolidation between regions or districts with the provincial administration necessary for the implementation of development can be carried out thoroughly so that equitable development can be achieved and inequality on economic development can be minimized.

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