THE DOMINANT FACTORS IN THE CAUSES OF POVERTY LEVEL IN INDONESIA

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Levels of poverty in many countries, including Indonesia, continuously decrease from time to time. However, the poverty is still there. Levels of poverty and its impact are always considered as a negative thing. There are many impacts of poverty, from decreased levels of future generations, increasing the dropout rate of student to an increase in crime rates. There are also many causes of poverty, from a low education level, high unemployment level, low financial aid for doing a business, to the level of human development. The level of poverty in Indonesia tends to decrease from time to time. However, it is still out of the government target. A big question is that what are the main factors for eradicating the poverty in Indonesia? This study aimed to determine the effect of education level, human development index (HDI), small business loans, unemployment, regional gross domestic product, and regional minimum wage on level of poverty. By using panel data from 2009 to 2012, in the 33 provinces in Indonesia, and by using a common, fixed, and a random effect regression methods, it can said that, statistically, all independent variables influence on poverty level. However, small business loans do not have impact on poverty level. In addition, HDI and level of education have dominant effect in reducing poverty level. This research suggests that road map of improving HDI and level of education should be made as a strategic program for Indonesia to reduce poverty level. A comprehensive research, both quantitative and qualitative should be done in each region in order to know more clearly and deeply why do people becoming and still poor.

Keywords: HDI, Education and Poverty.

Introduction

Poverty in a country is a problem. No country in the world that do not have poor people. However, measurement of poverty in each country is not always the same. In addition, meaning of poverty can also be seen from various dimensions. The most commonly used to measure poverty is based on measuring economic dimension. Different dimensions or indicators which are used, will generate different levels of poverty. Different point of views, both quantitative and qualitative in defining of poverty, will also result in differences in the level of poverty.
The MDG\textsuperscript{2} Goals of Indonesia (2012), informed that goal no.1 is “eradicate extreme poverty and hunger”. In addition, in 2010, the poverty rate in Indonesia is 31.02 million people, or 13.33\% of the population. In 2014, Indonesia's poverty level target is 8 to 10\% of the population. Population of poor people in Indonesia tend to decline from year to year, as seen in the following figure. Whether the target will be achieved?

![Population Poverty and Percentage of Poverty](image)

**Figure.** Population Poverty and Percentage of Poverty 1976-2010.

**Source.** Press Release No.06/01/th.XV, January 2, 2012

There are many researchs of poverty, either through a qualitative research or quantitative research approaches. Different points of view about poverty, many studies informed the different causes of poverty. However, the general consensus seems plausible, that poverty is a something negative nuance, and many people understand that the poverty has negative impacts to life and living. Therefore, the study of poverty, is a study that will never complete. This study examines the effect of small business loans, level of education, human development index, unemployment level, the regional gross domestic product, and the regional level of the minimum wage, on poverty in Indonesia. This study is using a quantitative-causality method.

**Literature Reviews**

Discussion of poverty is unlikely never ending. The poverty will continue to exist in every country. This is due to that the poverty can be understood from various perspectives, namely objective and subjective point of view. It is also from the different point of view in the selection of indicators, and different in using relative or absolute viewpoint (Hommer, Pyatt, and White, 1997). The World Bank defines poverty as follows:

People are considered as poor if their standard of living falls below the poverty line, that is, the amount of income (or consumption) associated with a minimum acceptable level of nutrition and other necessities of everyday life (World Bank, 1992:5, note 8).

There is now, a huge literature on poverty and its measurement (Desai, 2006). Central Bureau of Statistics of the Republic of Indonesia, BPS, (2012) defines poverty as the inability of

\textsuperscript{2} Millenium Development Goals is conducted by UNDP Indonesia Projects.
a person to meet the minimum standards of basic needs. While, UNDP Indonesia Projects (2012), defines poverty as the inability of a person to expand life choices. Meanwhile, according to Presidential Regulation No. 7 year 2005 on the Medium Term Development Plan, poverty occurs when a person or group of people, it is not fulfilled their basic right to maintain and develop a life of dignity. Causes of poverty itself are very diverse.

Leunard O. Kakisina (2011), mentions that age, education level, number of family dependency, skills, lack of capital, and government policies, are the factors that cause poverty in the community. Iradian research (2005), in 82 countries, for the data from 1965 to 2003, showed that income per capita growth had a little impact on poverty reduction, if it is not accompanied by improved income distribution. Furthermore, this study informs that the increase in income per capita and economic growth, in Indonesia, are only enjoyed by a minority of the population. Nevertheless, the results of this study contrasts with the results of research by Balisacan et.al (2003), which showed that the economy affects on growth of poverty. In addition, a research conducted by Niskanen (1996), shows poverty in the USA decreased with the increase of income per capita. The above conditions are also consistent with the results of the study by Rifa‘i (2010) which shows that the increase in income per capita can only be enjoyed by a minority of the population in the two cities in South Sumatera. While the majority of the population still remain in poor conditions because it does not have the ability to access the increase in the income per capita.

Research by Dwi Wijayanto Ravi (2010) mentions that the regional gross domestic product has no effect on poverty. However, the level of education and unemployment affect poverty. Cameroon (2000) concluded that the reduction of poverty on the Island of Java, associated with education and income levels of educated labor. Sukherman study (2001) showed poverty in West Java is influenced by the percentage of literacy rate. However, research which was conducted by Niskanen (1996) shows poverty in the US actually caused by increased education. Islam Research (2003), in 23 developing countries, concluded that poverty is reduced, due to increased level of education. Balisacan et.al (2003) also showed that the level of education affects poverty. The results of Sukherman research (2001) shows poverty in West Java is more influenced by the size of GDP per capita. The results are consistent with research by Rifa‘i (2010) which shows poverty in the city of Bandar Lampung and Metro City is affected by the population dependency ratio. This study also showed that education level had no significant effect on poverty reduction. This study is also in line with the results of Knowles (2002) who stated that increasing the dependency ratio will increase the proportion of the population living in poverty. In addition, the study of Islam (2003) in 23 developing countries showed similar results, namely poverty will increase with increasing dependency ratio. The result Sukherman research (2001) is also showed poverty in West Java affected by the infant mortality rate and total fertility rate may trigger increasing dependency ratios. The cause dependency ratio is the presence of a high birth rate. Word Bank (2012) stated that the cause of poverty is caused by a large population growth. Meanwhile, Malthus (1798) in Todaro (2000) stated that the population explosion would cause paced lifestyle subsistence. While the neo-Malthusian states that poor nations will never managed to achieve a higher standard of living than subsistence level, unless they hold a preventive checks on the growth of their populations.


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3 Sumatera is one of big Islands in Indonesia
4 Are cities in South Sumatera
High economic growth cannot reduce poverty. Due to high economic growth (growth-oriented) it will only trigger income inequality. A similar result was also generated in the study by Foster and Szekely (2002) which states that economic growth has no effect on efforts to raise incomes of the poor, and economic growth cannot reduce the income gap between the rich and poor people. The results are also in line with research by Booth (2000), that there has been a trade-off between economic growth and poverty reduction in Indonesia in 1985-1996. Furthermore, this study indicates that there has been a disparity in the distribution of the results of development in Indonesia in that period. In addition, the results of the study are also in line with research by Iradian (2005), which was conducted in 82 countries, for the years 1965 to 2003, which indicates that the high income per capita growth will not be affected if it is not accompanied by improvements in income distribution. The same thing is also concluded in the research of Adelman and Morris (1973), in Al-Basri (2003) that disclosing the role of economic development in developing countries is not only to continue to face relative poverty, due to economic growth, but also the problem of rising absolute poverty.

High economic growth which has been achieved by Indonesia was not able to reduce the causes of poverty. The increase in economic growth can only be enjoyed by a minority of people in Indonesia. The effects will bring structural poverty in which economic growth and it can only be enjoyed by a minority of the rich, while the most of people who remain poor. This situation, in accordance with the theory of "trade-off between growth and equity", is that the high economic growth will lead to greater inequality in the distribution of income, and instead attempts equalization can be realized in the economic growth is low (Todaro, 2000).

Results of this study contrast with the results of the study by Balisacan et.al (2003) which showed that economic growth affects poverty. In addition, the results of this study also contradict the statement by Bourguignon (2004) which describes the direct relationship that may be established between the development, growth and income distribution through his theory of "poverty-growth-inequality triangle". Furthermore, it is said that the reduction of poverty in a country and at a certain time is determined entirely by the level of economic growth and changes in income distribution. This relationship is consistent with the theory "trickle down effect" whereby if the economy grows, it will automatically happen equity outcomes improvement, so that, the results of the improvement can be enjoyed by the poor.

Research by Booth (2000) shown that rural poverty in Indonesia can be reduced by increasing the value-added agricultural products. In addition, Ritonga (2006) research also stated that the poor in Indonesia are generally employed in agriculture and have a low education level. However, these results contrast with research result by Rifai’, et al (2007) which shows that the labor productivity of small businesses engaged in agriculture is lower than the labor productivity of small businesses engaged in the industrial sector. So, the presence of labor in the agricultural sector is not able to reduce the factors causing the emergence of poverty in the province of Lampung. Meanwhile, Kuntjoro (2003) stated that a country as poor as dependent upon subsistence agricultural sector. Agriculture sector is considered as a trigger of poverty, as stated by Lewis in Todaro (2000). The Results contrast with the results of other studies of this research is the study of Islam (2003), which was conducted in 23 developing countries. It shows that poverty has increased along with the increasing percentage of the workforce in the agricultural sector. Similar results were also obtained from the research by Suryahadi and Sumarto (2003) which states that the agricultural sector is one of the sources of poverty and durability of the sector, it is more vulnerable to a economic crisis. The same thing also expressed by Skoufias (2000) which states that the consumption of industrial sector employment is greater than the consumption of agricultural labor. The research results by Adi Widodo (2011) concluded that the
allocation of public sector spending does not directly affect the Human Development Index (HDI) and poverty. But, simultaneously HDI and government expenditure on education and health sector affect the level of poverty. Yani Mulyaningsih research (2008) revealed that there is no effect of government spending on health and education for human development. Government public sector spending is not shown to affect poverty, but the development of human influence on poverty reduction. Prima Sukmaraga (2011) stated that the variables of HDI and GDP, have a significant negative effect on the number of poor people and the number of unemployed. In the contrary, Ravi Dwi Wijayanto (2010) explains that the GDP variable has a significant negative effect on poverty, and education variables, which is proxied by the literacy rate, and unemployment have a significant negative effect on the level of poverty.

From the concepts and a number of the above studies, it can be compiled the research models as follows:

\[
P_{ce} = \alpha_0 + \alpha_1X_1 + \alpha_2X_2 + \alpha_3X_3 + \alpha_4X_4 + \alpha_5X_5 + \varepsilon_{it}
\]

\[
P_{fe} = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6d + \varepsilon_{it}
\]

\[
P_{re} = \gamma_0 + \gamma_1X_1 + \gamma_2X_2 + \gamma_3X_3 + \gamma_4X_4 + \gamma_5X_5 + \delta_{it}
\]

\[
P_{ce} = \text{Poverty level for Common Effect Method}
\]

\[
P_{fe} = \text{Poverty level for Fixed Effect Method}
\]

\[
P_{re} = \text{Poverty level for Random Effects Method}
\]

\[
X_1 = \text{Regional Gross Domestic Product (PDRB)}
\]

\[
X_2 = \text{Human Development Index}
\]

\[
X_3 = \text{Small Business Loans}
\]

\[
X_4 = \text{Regional Minimum Wages}
\]

\[
X_5 = \text{Level of Education}
\]

\[
X_6 = \text{Level of Unemployment}
\]

\[
d = \text{dummy variable}
\]

From the research model, it can be written hypotheses as follows.

\[H_0a: \rho_{yX_1} > 0, \text{ except for } X_6, i = 1,2,\ldots,5\]

\[H_1a: \rho_{yX_1} \leq 0, \text{ except for } X_6, i = 1,2,\ldots,5\]

\[H_0b: \rho_{yX_2} > 0, \text{ except for } X_6, i = 1,2,\ldots,5\]

\[H_1b: \rho_{yX_2} \leq 0, \text{ except for } X_6, i = 1,2,\ldots,5\]

\[H_0c: \rho_{X_6} < 0\]

\[H_1c: \rho_{X_6} \geq 0\]

**Method of Research**

This research is quantitative-causality research. The data used are secondary data. Type of data used is panel data which is a combination of time series and cross section data. Data range is from 2009 to 2012. The data published by official government agencies, namely BPS and Central Bank of Indonesia (BI). Data is monthly data in 33 provinces in Indonesia.

Dominant causes of poverty in Indonesia, are analyzed, by using the common effect, fixed effect, and random effect regression methods. The common effect method is an approach of OLS (Ordinary Least Square), and the error is shown at once provincial and time, assuming that the slope is likely the same for each object and the time of the study. While, the random effect
method for analyzing residual ready uses suspected of having links across time and between provinces. This analysis assumes that all variables have different intercepts, but the intercept is a random or stochastic. Residual contains a combination of residual thorough as the combined time series and cross-section. This method is an alternative to OLS regression models. Chow test is using the test statistic for the common effect, dummy variables for fixed effect dummy variables, and the Hausman test for random effects method. Thus, it can be chosen the best model to predict the level of poverty in Indonesia. Akaike Info Criterion (AIC) is used to select the best model of analysis.

**Results and Discussions**

Republic of Indonesia has 33 provinces. However, one of the province, that is Irian Jaya, does not have complete data for this analysis purposes. The province, therefore, is not included in this analysis. The period of analysis is 2009 to 2012. Initial results of the analysis, using E-Views Software, appear in table 1.

<table>
<thead>
<tr>
<th>Table 1 Common Effect Regression.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable: POVERTY?</td>
</tr>
<tr>
<td>Method: Pooled Least Squares</td>
</tr>
<tr>
<td>Date: 10/04/13</td>
</tr>
<tr>
<td>Sample: 15</td>
</tr>
<tr>
<td>Included observations: 5</td>
</tr>
<tr>
<td>Cross-sections included: 32</td>
</tr>
<tr>
<td>Total pool (balanced) observations: 160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-1227705.</td>
<td>5465943.</td>
<td>-0.224610</td>
<td>0.8226</td>
</tr>
<tr>
<td>PDRB?</td>
<td>-0.002303</td>
<td>0.000389</td>
<td>5.913452</td>
<td>0.0000</td>
</tr>
<tr>
<td>HDI?</td>
<td>-112893.9</td>
<td>27969.47</td>
<td>-4.036325</td>
<td>0.0001</td>
</tr>
<tr>
<td>SBL?</td>
<td>-0.000301</td>
<td>5.95E-05</td>
<td>5.064831</td>
<td>0.0000</td>
</tr>
<tr>
<td>WAGE?</td>
<td>-1.544888</td>
<td>0.322927</td>
<td>-4.784013</td>
<td>0.0000</td>
</tr>
<tr>
<td>EDUCATION?</td>
<td>-110313.6</td>
<td>66920.90</td>
<td>1.648418</td>
<td>0.0101</td>
</tr>
<tr>
<td>UNEMPLOYMENT?</td>
<td>1.199245</td>
<td>0.228150</td>
<td>5.256382</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

| R-squared | 0.763226 | Mean dependent var | 974360.6 |
| Adjusted R-squared | 0.753941 | S.D. dependent var | 1466845. |
| S.E. of regression | 727618.9 | Akaike info criterion | 29.87571 |
| Sum squared resid | 8.10E+13 | Schwarz criterion | 30.01025 |
| Log likelihood | -2.383.057 | Hannan-Quinn criter. | 29.93034 |
| F-statistic | 82.19773 | Durbin-Watson stat | 0.292970 |
| Prob(F-statistic) | 0.000000 |

Sources. secondary data is processed by authors.

By using commond effect method, from table 1, obtained information that 76.32% of the variation is explained by the poverty level of independent variables analyzed. While, the remaining, 23.08% is explained by other variables that are not analyzed in this study. The equation obtained by commont effect is:

$$Pce = -1227705 - 0.000PDRB - 112893HD - 0.000SBI - 1.54Wage - 11031.6Edu + 0.19Unemp.$$ \(1)\

| Std error | (0.000) | (2797) | (0.00) | (0.323) | (669) | (0.228) |
| t stat | 5.913 | -4.036 | 5.064 | -4.784 | 1.648 | 5.256 |
From the equation no.1, the probability value are less than 0.05. It indicates that all independent variables are having an effect on poverty. However, these models need to be tested using a fixed effect method. The test results showed that with the probability value of 0.00, the number of AIC is 26,041. This number of the AIC is smaller than the AIC\(^5\) value common effect model that is 29,875. Thus, from these two models, fixed effect method is more suitable than the common effect. The fixed effect model method use Jakarta Province as a dummy variable. Fixed effect regression model method can be seen in table 2.

Table 2. Fixed Effect Regression.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-13902435</td>
<td>2585238.</td>
<td>5.377622</td>
<td>0.000</td>
</tr>
<tr>
<td>PDRB?</td>
<td>-0.002048</td>
<td>0.000219</td>
<td>-9.349977</td>
<td>0.000</td>
</tr>
<tr>
<td>HDI?</td>
<td>-186050.5</td>
<td>27011.55</td>
<td>-6.887812</td>
<td>0.000</td>
</tr>
<tr>
<td>SBL?</td>
<td>-3.17E-05</td>
<td>1.02E-05</td>
<td>3.103023</td>
<td>0.0024</td>
</tr>
<tr>
<td>WAGE?</td>
<td>-1.088535</td>
<td>0.170402</td>
<td>6.388031</td>
<td>0.000</td>
</tr>
<tr>
<td>EDUCATION?</td>
<td>-3690.973</td>
<td>21054.34</td>
<td>-0.175307</td>
<td>0.0118</td>
</tr>
<tr>
<td>UNEMPLOYMENT?</td>
<td>0.253938</td>
<td>0.073740</td>
<td>3.436385</td>
<td>0.0008</td>
</tr>
</tbody>
</table>

Cross-section fixed (dummy variables)

- R-squared: 0.696527
- Mean dependent var: 974360.6
- Adjusted R-squared: 0.485149
- S.D. dependent var: 1466845.
- S.E. of regression: 98689.35
- Akaike info criterion: 26.04119
- Schwarz criterion: 26.3776
- Durbin-Watson stat: 1.185324
- F-statistic: 946.0464

From table 2, it can written an equation models as follows…………………..(2)

\[
Pfe = -13902435 - 0.00PDRB - 186050HDI - 0.00SBI - 1.08Wage - 3690Edu + 0.25Unemp
\]

<table>
<thead>
<tr>
<th>Std error</th>
<th>0.000</th>
<th>27011</th>
<th>0.000</th>
<th>0.170</th>
<th>21054</th>
<th>0.073</th>
</tr>
</thead>
<tbody>
<tr>
<td>t stat</td>
<td>-9.349</td>
<td>-6.887</td>
<td>3.103</td>
<td>6.388</td>
<td>-1.175</td>
<td>3.444</td>
</tr>
<tr>
<td>prob</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.011</td>
<td>0.000</td>
</tr>
</tbody>
</table>

From the equation model 2, it can be seen that all the independent variables affect the level of poverty in Indonesia. If the fixed effect model compared with the model of random effect method, obtained probability value of 0.00, so that based on the independent variables, the random effect model is more appropriate method to explain the variables of poverty. The random effect analysis results appear in table 3.

\(^5\) AIC is Akaike info criterion, which is to determine the best model of regression.

Dependent Variable: POVERTY?
Method: Pooled EGLS (Cross-section random effects)
Date: 10/04/13   Time: 16:43
Sample: 1 5
Included observations: 5
Cross-sections included: 32
Total pool (balanced) observations: 160
Swamy and Arora estimator of component variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>4057724.</td>
<td>2271110.</td>
<td>1.786670</td>
<td>0.0760</td>
</tr>
<tr>
<td>PDRB?</td>
<td>-0.000895</td>
<td>0.000197</td>
<td>-4.547215</td>
<td>0.0000</td>
</tr>
<tr>
<td>HDI?</td>
<td>-104264.5</td>
<td>22780.91</td>
<td>-4.576834</td>
<td>0.0000</td>
</tr>
<tr>
<td>SBL?</td>
<td>4.90E-05</td>
<td>1.01E-05</td>
<td>4.843615</td>
<td>0.0000</td>
</tr>
<tr>
<td>WAGE?</td>
<td>-0.320474</td>
<td>0.142450</td>
<td>2.249729</td>
<td>0.0259</td>
</tr>
<tr>
<td>EDUCATION?</td>
<td>-41521.46</td>
<td>20562.61</td>
<td>2.019270</td>
<td>0.0452</td>
</tr>
<tr>
<td>UNEMPLOYMENT?</td>
<td>0.526526</td>
<td>0.069964</td>
<td>7.525642</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Random Effects (Cross)

Weighted Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean dependent var</th>
<th>S.D. dependent var</th>
<th>Durbin-Watson stat</th>
<th>Prob(F-statistic)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.406397</td>
<td>177956.6</td>
<td>0.827864</td>
<td>0.000000</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.383118</td>
<td>0.069</td>
<td>0.000000</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>139770.4</td>
<td>2.99E+12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>17.45799</td>
<td>0.000000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the equation 3, the values of the independent variables, that are shown on the probability of all alpha values, are less than 5%. So that, all null-hypothesis are rejected at the level of alpha by 5%. It means that value of variable of SBL, HDI, Wage, GDP, unemployment, and education level, have a significant effect on the level of poverty in Indonesia. A total of 40.64 % of the variation of poverty in Indonesia can be explained by the independent variables. The remaining of 59.36 % is described by other variables that were not be analyzed. The regression equation also indicates that the human development index in 32 provinces gives dominant explanation on the poverty level. Second, in explaining poverty in Indonesia, there are the level of education, followed by the regional minimum wage rates. Interesting to noted, that small business loans and GDP are not able to provide any explanation on the level of poverty in Indonesia.

Furthermore, it can be said that the standard error of the variable education level has the greatest value followed by HDI value, minimum wage, and SBL. This equation illustrates that the level of education and HDI in Indonesia are very heterogeneous, while the average level of the provincial minimum wage tend to be homogenous. The equation 3 also indicates that all the independent variables have negatively effect on the level of poverty, unless the unemployment
rate. In other words, the SBL, HDI, Wage, GDP, and increasing education levels, will decrease poverty levels. However, the level of GDP and SBL still are not able to describe the problem solving of poverty level in Indonesia. This result is similar with Nanak Kakwani research (2006), that economic growth is not a good indicator of poverty reduction.

Conclusions and Recommendations

Level of education and human development index in 32 provinces in Indonesia are indicated as heterogeneous. While, the regional minimum wage rates tends to be homogeneous. Further concluded that the level of small business loans and unemployment rates also tend to be homogeneous.

The variables of HDI, the regional minimum wage levels, education levels, and the unemployment rate have an effect in solving the problem of poverty. Furthermore, the level of small business loans and GDP are not able to explain in overcoming poverty in Indonesia. Among the six independent variables, HDI variables and level of education have a dominant effects on increasing or reducing poverty in Indonesia.

The study recommends that improving HDI and education levels should to be continue to get priority in tackling the poverty problem rather than solving the short-term dimensions of poverty, such as cash transfer program in August 2013 the Indonesian government launched sporadically in response to the increase in fuel prices. A solution in a medium and long-term period is that a strategic road map of reducing the poverty should be drawn up so that the problem of the poverty can be systematically eradicated and controlled.

However, research from other perspectives, both qualitative and quantitative research, need to be done in each province, so that the causes of poverty can be detected more accurately. It is because that the poverty is not just a number, but it is a vicious circle.

References

4. Berita Resmi Statistik,(2012). No 06/01/th.XV, 2 Januari.