

## TABLE OF CONTENT

TITLE PAGE .....	i
SUPERVISOR APPROVAL .....	ii
APPROVAL OF EXAM PASSAGE .....	iii
STATEMENT OF THESIS ORIGINALITY .....	iv
MOTTO AND DEDICATION .....	v
<i>ABSTRAK</i> .....	vi
ABSTRACT .....	vii
FOREWORDS .....	viii
TABLE OF CONTENT .....	xi
LIST OF TABLES .....	xvii
LIST OF FIGURES .....	xviii
LIST OF APPENDIXES .....	xix
CHAPTER 1 INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Problem Statement .....	6
1.3 Research Objective Uses .....	7
1.3.1 Research Objectives .....	7
1.3.2 Benefit from the Research .....	7
1.4 Systematic of Writing .....	8
CHAPTER 2 LITERATURE REVIEW .....	10

2.1	Theoretical Basis .....	10
2.1.1	Neoclassical Economic Growth Theory.....	10
2.1.2	Structural Theory of Poverty.....	14
2.1.3	Welfare Theory .....	16
2.1.4	Quasi Public Goods.....	18
2.2	Empirical Studies.....	20
2.2.1	Empirical Studies on Economic Growth.....	20
2.2.1.1	Infrastructure (Toll Road) on Economic Growth.....	20
2.2.1.2	Education on Economic Growth.....	21
2.2.1.3	Road on Economic Growth.....	22
2.2.1.4	Democratic Index on Economic Growth .....	24
2.2.1.5	Investment on Economic Growth .....	24
2.2.1.6	Population on Economic Growth.....	25
2.2.1.7	Government Expenditure on Economic Growth.....	26
2.2.2	Empirical Studies on Poverty.....	26
2.2.2.1	Infrastructure (Toll Road) on Poverty.....	26
2.2.2.2	Education on Poverty .....	26
2.2.2.3	Road on Economic Poverty .....	27
2.2.2.4	Democratic Index on Poverty .....	28
2.2.2.5	Investment on Poverty .....	29
2.2.2.6	Population on Poverty.....	29
2.2.2.7	Government Expenditure on Poverty.....	30
2.3	Previous Studies.....	30

2.4 Conceptual Framework.....	41
2.5 Research Hypothesis.....	42
<b>CHAPTER 3 RESEARCH METHODS .....</b>	<b>44</b>
3.1 Research Variable and Definition of Operational.....	44
3.1.1 Dependen Variable.....	44
3.1.2 Independen Variable .....	45
3.1.3 Control Variables .....	45
3.2 Types and Sources Data.....	46
3.3 Method of Analysis.....	47
3.3.1 Descriptive Analysis .....	47
3.3.2 Difference in Difference (DiD).....	47
3.3.3 Classical Assumption Test.....	52
3.3.3.1 Heteroskedasticity.....	53
3.3.3.2 Multicolienarity.....	54
3.3.4 Simultaneous and Partial Significance Test.....	54
3.3.4.1 Simultaneous Significance Test (F-Test).....	54
3.3.4.2 Partial Significance Test (T-test).....	55
3.3.5 Goodness of Fit Test ( $R^2$ ).....	55
<b>CHAPTER 4 RESULT AND ANALYSIS .....</b>	<b>57</b>
4.1 Description of Research Objects.....	57
4.1.1 Overview of the Java Province .....	57
4.1.2 Economic Growth Condition in Java Province.....	58
4.1.3 Poverty Condition in Java Province.....	60

4.1.4	Road Conditions in Each Province .....	61
4.1.5	Education Conditions in Each Province.....	62
4.1.6	Democratic Index in Each Province.....	63
4.1.7	Domestic Investment in Each Province .....	64
4.1.8	Foreign Investment in Each Province .....	65
4.1.9	Population Conditions in Each Province.....	66
4.1.10	Government Expenditure Conditions in Each Province .....	67
4.2	Data Analysis .....	68
4.2.1	Descriptive Statistics .....	69
4.2.2	Difference in Difference Method Estimation Results .....	74
4.2.2.1	Parallel Trend Assumption .....	75
4.2.2.2	Estimation Results of DiD Without Covariate Variables .....	78
4.2.2.3	Estimation Results of DiD with Covariate Variables ...	79
4.2.3	Classical Assumption Test .....	81
4.2.3.1	Heteroscedasticity Test .....	82
4.2.3.2	Multicollienarity Test.....	82
4.2.4	Simultaneous and Partial Significance Test.....	84
4.2.4.1	Simultaneous Test (F-Test).....	84
4.2.4.2	Partial Significance Test (T-test) .....	85
4.2.5	Goodness of Fit Test ( $R^2$ ).....	87
4.3	Discussion of Findings.....	88
4.3.1	Economic Growth DiD Model.....	88

4.3.1.1	The Influence of Toll Road (DiD) on Economic Growth	88
4.3.1.2	The Influence of Education on Economic Growth	89
4.3.1.3	The Influence of Road on Economic Growth	90
4.3.1.4	The Influence of Democratic Index on Economic Growth	91
4.3.1.5	The Influence of Domestic Investment on Economic Growth	92
4.3.1.6	The Influence of Foreign Investment on Economic Growth	92
4.3.1.7	The Influence of Government Expenditure on Economic Growth	93
4.3.1.8	The Influence of Population on Economic Growth	94
4.3.2	Poverty DiD Model	94
4.3.2.1	The Influence of Toll Road (DiD) on Poverty	94
4.3.2.2	The Influence of Education on Poverty	95
4.3.2.3	The Influence of Road on Poverty	96
4.3.2.4	The Influence of Democratic Index on Poverty	97
4.3.2.5	The Influence of Domestic Investment on Poverty	98
4.3.2.6	The Influence of Foreign Domestic on Poverty	98
4.3.2.7	The Influence of Government Expenditure on Poverty	99
4.3.2.8	The Influence of Population on Poverty	100
CHAPTER 5 CLOSING		101

5.1 Conclusion .....	101
5.2 Limitation.....	103
5.3 Suggestion.....	104
REFERENCES.....	105
APPENDIX.....	116

