

ABSTRACT

Consistent by the development objectives as stated in the long-term development plan, the West Java government is committed to accelerate the achievement of quality of life by the target performance indicator HDI 80 (advanced scale) in 2010, which was revised achievement in 2015. Because of the HDI is a composite indicator that includes components of health, education and purchasing power, the spending government in the integration of development activities pattern in West Java hypothetical associated with these three indicators. Furthermore, the government also sought to the regional income receipts can be completely used to support an increase in the HDI.

The purpose of this study was to analyze the effect of per capita GRDP and expenditure of public services to the achievement of quality of life in the counties/cities in West Java. This study used panel data in the form of data from 26 counties/cities in West Java in period 2007 to 2009 (26 cross section, 3 time series). The research data is estimated by the Generalized Least Squares (GLS) approach, otherwise known as Random Effect Model (REM).

The results showed that per capita GRDP and education expenditure each have a positive and significant effect on the achievement of quality of life in the proxy of the HDI. Health expenditure also a positive effect on the achievement of the HDI, even though not significant. While economy and support expenditures each have no significant effect, even negative, which is mainly due to the decrease in both the ratio of expenditure to GRDP each year. However, per capita GRDP, and health, education, economy and support expenditures simultaneously have a positive and significant effect on the achievement of quality of life in counties/cities in West Java. In this case, amounting to 56,40% variations in the HDI as the dependent variable can be explained by these variables of per capita GRDP and public service expenditures in the research model. Thus, the quality of life can be improved optimally if the government is committed to improving the allocation of public service expenditures proportionally to the regional income receipts, especially the education and health expenditures.

Keywords : The HDI, Per Capita GRDP and Public Service Expenditures (Health, Education, Economy and Support Expenditures)