

ABSTRACT

The problem of income inequality is still experienced by Indonesia. Various policies that have been carried out by the government to reduce income inequality, one of which is the development of infrastructure. This study aims to examine the influence of economic and social infrastructure on income inequality of 34 provinces in Indonesia.

Economic infrastructure includes roads and electricity. Social infrastructure includes education and health. GDP per capita is the control variable in this study. The time span of this study is 2015 to 2019 which included 34 provinces in Indonesia. This study uses panel data and uses the Fixed Effect Model.

The results showed that economic infrastructure, namely roads and electricity, as well as social infrastructure, namely education, and health do not affect income inequality in Indonesia. Meanwhile, GDP per capita was found to have an effect on reducing income inequality. The results of this study does not mean that the government's efforts have failed in tackling income inequality through the development of economic and social infrastructure.

Keywords: Economic Infrastructure, Social Infrastructure, Income Inequality