

TABLE OF CONTENTS

	Page
SUPERVISOR APPROVAL	ii
ORAL EXAM REPORT	iii
STATEMENT OF THESIS ORIGINALITY	iv
ABSTRACT	iv
ABSTRAKSI	vi
ACKNOWLEDGEMENT	vii
TABLE OF CONTENTS	x
LIST OF TABLE	xii
LIST OF FIGURE	xii
LIST OF APPENDIX	xiii
CHAPTER I INTRODUCTION	1
1.1 Background.....	1
1.2 Research Problem.....	9
1.3 Research Objectives	10
1.4 Research Benefits	10
1.5 Writing Systematic	11
CHAPTER II LITERATURE REVIEW	13
2.1 Theoretical Review.....	13
2.1.1 Human Capital Theory	13
2.1.2 Income Inequality Theory	15
2.2 Review of Empirical Evidence.....	18
2.2.1 The Effect of Education on Income Inequality	18
2.2.2 The Effect of Growth on Income Inequality	21
2.2.3 The Effect of Government Education Spending on Income Inequality	23
2.3 Conceptual Framework	31
2.4 Research Hypothesis	32
CHAPTER III RESEARCH METHODOLOGY	34
3.1 Research Variable and Definition of Operational Variable	34
3.1.1 Research Variable	34
3.1.2 Dependent Variable.....	34
3.1.3 Independent Variables.....	35

3.2	Type and Data Sources	36
3.3	Data Collection Method	36
3.4	Analysis Method.....	36
3.4.1.	Empirical Model.....	38
3.4.2.	Panel Data Regression Analysis.....	39
3.4.3.	Panel Data Regression Model Selection	40
3.4.4.	Normality Test	42
3.4.5.	Classical Assumption Detection	42
3.4.6.	Statistic Analysis	45
CHAPTER IV RESULT AND DISCUSSION.....		47
4.1	Description of Research Objects	47
4.1.1	The Condition of Education in Indonesia	47
4.1.2	Income Inequality in Indonesia.....	49
4.1.3	Government Expenditure on Education Condition in Indonesia	50
4.1.4	GDRP per capita conditions in Indonesia	51
4.2	Data Analysis.....	52
4.2.1	Descriptive Statistic	53
4.2.2	Regression Test Results	54
4.2.3	Classic Assumption Test Results	56
4.2.4	Statistic Test Result.....	58
4.3	Results Interpretation.....	62
4.3.1	The Effect of Average Years of Schooling on Income Inequality..	63
4.3.2	The Effect of Tertiary Education on Income Inequality	63
4.3.3	The Effect of Government Spending on Education on Income Inequality	64
4.3.4	The Effect of Gross Domestic Regional Product per capita on Income Inequality	65
CHAPTER V CLOSING		68
5.1	Conclusion.....	68
5.2	Policy Implication	69
5.3	Research Limitations	70
BIBLIOGRAPHY		71
APPENDIX		74