

ABSTRACT

The issue of income inequality has become a global phenomenon. Inequality of income has become a common problem in a country, both in developing and developed countries. A common problem often faced by developing countries including Indonesia is the inequality of income distribution or inequality in income among high-income groups and low-income groups of society. Gini Ratio (Gini Ratio) is the most commonly used measure to measure overall income inequality. In Central Java, there is still income inequality. This is due to the differences in economic growth, population, and share of the manufacturing sector in the Province of Central Java is relatively different.

This study aimed to analyze the effect of economic growth, population, and the share of the manufacturing industry in the province of Central Java in 2004-2014 against inequality in the province of Central Java in 2004-2014. The data used is secondary data gini ratio, the rate of economic growth, population, and the share of the manufacturing sector to the total GDP (Gross Domestic Product) in Central Java province.

Analyzer used in this research is regression analysis with fixed effect method. The result shows that the variable of economic growth, population, and share of manufacturing industry sector have a positive and significant effect to income inequality in Central Java province 2004-2014.

Keywords: income inequality, GDP, population, fixed effect method