

ABSTRACT

Economic growth is not the only goal of development, but economic development must also seek to eliminate or reduce poverty levels, income inequality and unemployment rates or efforts to create job opportunities for the population. Observing the phenomenon of inequality is the same as observing the process of convergence. Convergence is interpreted as a tendency to reduce economic inequality between regions. In analyzing with objects between regions, it is also necessary to take into account the spatial interactions between regions. This study examines the convergence and determinants of economic growth in Java, both at the level of the metropolitan area (Jabodetabek, Bandung Raya, Kedungsepur and Gerbangkertosusila) at the provincial level (Banten, Jakarta, West Java, Central Java, Yogyakarta and East Java) and Java Island. The analysis uses Quasi Maximum Likelihood with the model developed by Fischer (2011), namely Spatial Mankiw Romer Weil (MRW). The results show that the provinces and metropolitan areas in Java have a significant convergence of economic growth except for Jakarta, Banten, Jabodetabek and Kedungsepur. The results that show the effect of the variables that are the determinants of economic growth show relatively the same results for each metropolitan area and province, except for Jakarta and Jabodetabek. As for the spatial dependence based on the model, only Bandung Raya and Jakarta are not significant.

Keywords : Convergence, Growth Economic, Spatial Regression, Mankiw Romer Weil, Java