

ABSTRACT

Fiscal decentralization is believed as a means to increase public expenditure efficiency that affect in region economic growth. Economy efficiency enhanced in turn will decrease interregional income disparity. Both the things still need explanation empirically because found two different opinions. In reality at regency and city level in Kalimantan Selatan Province during fiscal decentralization implementation between 2001 until 2008 found the escalation of own source revenue, tax and nontax sharing and grants but economic growth stills under national average, as well as its regional disparity in general still to fluctuate and there is no inclination to decreased.

This research aimed to analyze fiscal decentralization degree towards growth and interregional economic disparity at regency and city level in Kalimantan Selatan Province as well as to analyze the each magnitude influence. This research use theoretical framework where fiscal decentralization that is represented with fiscal autonomy as measure of decentralization degree that affect towards economic growth and regional economic disparity.

Data from 13 (thirteen) regency and city in Kalimantan Selatan Province from 2005 up to 2008 period are used for estimating interregional economic growth and disparity. Analysis tools of this research are fixed and random effect method with generalized least square.

The estimation result of fiscal decentralization degree towards economic growth shows that own source revenue ratio, initial level of percapita GDP, population, and secondary school enrollment ratio has positive influence and significant. Grant ratio and economic structure has negative influence and significant. While tax and nontax sharing ratio has positif but not significant influence towards region economic growth.

Furthermore model regression towards interregional economic disparity shows that own source revenue ratio, secondary school enrollment ratio has positive influence and significant. Grant ratio, percapita GDP and economic structure has negative influence and significant. Tax and nontax sharing ratio and population has not significant influence towards regional economic disparity in Kalimantan Selatan Province

Keywords: economic growth, interregional economic disparity, own source revenue ratio, tax and nontax sharing ratio, grant ratio, fixed and random effect method of panel data.