

JURNAL EKONOMI KUANTITATIF TERAPAN

Trade-Environment Triangle in Indonesia: Ecological Footprint Approach
Kuratul Aini, Djoni Hartono

The The Relationship Between Fiscal Policy And Civil Liberty On Per Capita GDP In
Indonesia During 1980-2018
Vita Kartika Sari, Malik Cahyadin

The Effect Of Fiscal Decentralization On Economic Growth: A Study Of The Province Level In Indonesia
Setyo Tri Wahyudi, Lutfi Kurniawati

The United States' Monetary Policy Spillover Effect Against Rupiah -Us Dollar
Exchange During Usa - China Trade War
Andryan Setyadharma, Anisa Rahmawati, Anisa Rahmawati

The Effect of Banks and Cooperatives in Improving Welfare
Inayati Nuraini Dwiputri, Lustina Fajar Prastiwi, Grisvia Agustin

Middle Income Trap In A Macroeconomic Perspective A Case Study In Indoensia
Apip Supriadi

Impact Of Rural Development Program On Agriculture Production and Rural-Urban Migration In Indonesia
Murjana Yasa, Wayan Sukadana, Luh Gede Meydianawathi

Affecting FactorsTrans Land Function In Bali
I Wayan Sudemen, I Ketut Darma

Social And Financial Efficiency Of Lembaga Perkreditan Desa
Kajeng Baskara

The Role of Social Capital with Local Wisdom in Household Food Security in Bali Province
Putu Ayu Pramitha Purwanti, Ida Ayu Nyoman Saskara

The General Allocation Fund (DAU) Formulation Policy: Incentives or
Disincentives to the Fiscal Independence of Local Governments
Kun Haribowo, Latri Wihastuti

MIDDLE INCOME TRAP DALAM PERSPEKTIF MAKROEKONOMI : STUDI KASUS DI INDOENSIA

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui dan menganalisis i) kondisi pendapatan perkapita di Indonesia dilihat dari kriteria Middle income trap serta ii) pengaruh ekspor, penanaman modal asing dan jumlah penduduk baik secara parsial maupun bersama-sama terhadap pendapatan perkapita. Data yang digunakan adalah data sekunder periode tahun 1991 – 2000, dengan alat analisis menggunakan analisis regresi berganda. Hasil penelitian menunjukkan bahwa perkembangan pendapatan perkapita termasuk kategori *lower –middle income*. Selanjutnya penanaman modal asing, jumlah penduduk dan ekspor berpengaruh signifikan terhadap pendapatan perkapita.

Kata kunci : penanaman modal asing, jumlah penduduk, ekspor dan pendapatan perkapita

Klasifikasi JEL : E and P2, P3, or P4

**(MIDDLE INCOME TRAP IN A MACROECONOMIC PERSPECTIVE:
A CASE STUDY IN INDOENSIA)**

ABSTRACT

The purpose of this study is to determine and analyze i) the condition of per capita income in Indonesia seen from the criteria of the Middle income trap and ii) the influence of exports, foreign investment and population, either partially or jointly on per capita income. The data used is secondary data for the period 1991 – 2000, with the analysis tool using multiple regression analysis. The results showed that the development of per capita income was included in the lower-middle income category. Furthermore, foreign investment, population and exports have a significant effect on per capita income.

Keywords : middle income trap, foreign investment, population, exports and per capita income

Klasifikasi JEL : E and P2, P3, or P4

INTRODUCTION

The World Bank has classified Indonesia into a group of lower-middle income countries for the past 13 years. This shows that Indonesia's economic growth is quite stagnant for a long time and makes Indonesia's potential to enter the Middle Income Trap is very large. This research, among others, aims to identify whether Indonesia has been included in MIT. ECM time series analysis is used at once to find out what actions need to be

taken in the long run to get out or avoid the middle income trap. PNB per capita as the basis for classifying the income groups of countries in the world is used as a variable to look at MIT (Hotmaria Elecktawati Lumbangaol and Ernawati Pasaribu, 2018).

Based on the level of per capita income, countries in the world can be categorized into several groups. Tran (2013) grouped them into four groups; The first is a group consisting of low-income countries that are still struggling out of the poverty trap. Some countries on the African continent fall into this category. Second is a group consisting of countries that have reached middle income levels for a long time (more than fifty years for many cases) but experienced very low income growth after that. *Some countries in Latin America fall into this second group. Third, the group consisting of countries that just fall into the middle income category. Indonesia, several Countries association of Southeast Asian Nations (ASEAN) and China are included in this group. The fourth*

group consists of high-income countries such as members of the Organisation for Economic Cooperation and Development (OECD).

The middle income trap is a scourge for developing countries, both in Asia, Oceania, Africa, and Latin America. The World Bank itself classifies the income (income) of countries in the world into 4 (four) categories, namely: low income (low income), lower middle income (lower middle income), upper middle income (upper middle income), and high income (high income).

The World Bank revealed that the economy is still concentrated in countries with high incomes, which is 38.1 percent and only 13.3 percent is felt by low income countries. Indonesia itself officially rose to upper middle income since mid-2020 ago. However, will Indonesia always be at the middle income level and could Indonesia be able to rise to the rank of a high-income country. Based on the description above, this study will focus on analyzing whether Indonesia has entered into MIT in macroeconomic

research, with the title middle income trap in macroeconomic perspective: case studies in Indoensia.

Research objectives

1. To find out and analyze the condition of per capita income in Indonesia judging from the Middle income trap criteria
2. To find out and analyze the influence of exports, foreign investment (PMA) and population both partially and together on per capita income

Theoretical Studies

Simply put, the Middle Income Trap is a condition in which a country that has managed to reach a middle income level, but stuck and restrained to develop into a high-income country. This happens because at some level middle-income countries will become uncompetitive in the value added industries sector, such as manufacturing. Labor-intensive industries will also begin to move to low-wage countries so that

economic growth in middle income countries will tend to stagnate or even decline. Middle income countries (MIC) not only have difficulty competing with Low-Wage Countries, but also difficulty competing with High-Technology Countries.

Definisi Middle Income Trap

The middle-income trap (MIT) refers to a condition in which middle-income countries are unable to maintain a stable enough rate of economic growth to achieve a new income group as high-income countries. So trapped in the middle income group (Aviliani et al, 2014).

How to Measure MIT

The World Bank (2014) in its research used the variable Gross National Income (PNB) per capita as a proxy for MIT. PNB per capita is measured from Gross National Income which is the total value added income of all residents of a country, both domestically and abroad (World Bank, 2014). PNB per capita is used as one of the benchmarks for determining how

successful a country is in managing its economy.

Jesus Felipe (2012) in an ADB working paper entitled: Tracking Middle Income Trap: What is it, Who is in it, and Why provides an approach to how a country can be called a country trapped in MIT.

Felipe (2012) classifies all countries of the world into four income groups based on GDP per capita. These countries fall into the category: (1) low-income countries; (2) lower-middle-income countries; (3) upper-middle-income countries; and (4) high-income countries.

Table 2. Income category based on PNB per capita

Kategori	PNB per kapita 2013
<i>Low Income</i>	< US \$ 1.045
<i>Lower Middle Income</i>	US \$ 1.045 - US \$ 4.125
<i>Upper Middle Income</i>	US \$ 4.125 - US \$ 12.746
<i>High Income</i>	> US \$ 12.746

Source: World Bank, 2014 (diolah)

Previous Research

Aprisal W. Malale, Maung Agus Sutikno, 2014. Stating that variables in exports of goods and services, added value of agriculture, and foreign assistance and assistance (with lag or without lag) significantly negatively affect pnb per capita. Gross Capital Formation variables significantly positively affect (in the current year) and have an effect negatif (in the previous 2 and 3 years) against PNB per capita in the current year. Inflation variables have no significant effect on PNB per capita.

Iskandar A.A, 2014. Stating that quantitatively the regression model of variable PDRB ADHB and PDRB ADHK and population has a significant effect on per capita income. The number of residents against per capita income in a negative direction, means that the number of residents has a negative and significant effect on per capita income, per capita income in 2014 Rp. 6,002,891 if converted to the World Bank category 2014 lower income < US \$ 1,045. Based on the results of the analysis it can be concluded that Lampung is still in the Lower Income category.

RESEARCH METHODS

The methods used in this study use quantitative descriptive methods. Descriptive research according to Kuncoro (2013: 10) includes the collection of data for hypothesis testing or to answer questions regarding the final status of the research subject. The data in this study is a sequence data with time series from 1991 to 2020. The data processing in this study used eviews and looked for correlation coefficient values using multiple regression data analysis.

Analytical Techniques

Data analysis techniques use multiple regression analysis, with the following research models: Data analysis techniques use multiple regression analysis, with the following research models:

$$\text{Log } Y = \beta_0 + \beta_1 \log X_1 + \beta_2 \log X_2 + \beta_3 \log X_3 + e$$

Keterangan:

Log Y = Pendapatan per Kapita

Log X₁ = Investasi

Log X₂ = Jumlah Penduduk

Log X₃ = Ekspor

β₁, β₂, β₃ = koefisien regresi dari setiap variabel independen

β₀ = konstanta

e = Variabel Pengganggu (*error term*)

Classic Assumption Test

Analysis requirements testing is used as a requirement in the use of multiple linear regression analysis models. In linear regression, to ensure that the model is BLUE (Best Linear Unbiased Estimator) tests are carried out, among others: linearity test, normality test, multicollinearity test, heteroskedasticity test and autocorrelation test.

RESULTS AND DISCUSSIONS

Per capita Income Conditions in Indonesia Seen From Middle Income Trap Criteria

Tabel 1. Development of Per Capita Income in Indonesia in 1991-2020

Tahun	Klasifikasi	Tahun	Klasifikasi
1991	<i>Lower-Middle Income</i>	2006	<i>Lower-Middle Income</i>
1992	<i>Lower-Middle Income</i>	2007	<i>Lower-Middle Income</i>
1993	<i>Lower-Middle Income</i>	2008	<i>Lower-Middle Income</i>
1994	<i>Lower-Middle Income</i>	2009	<i>Lower-Middle Income</i>
1995	<i>Lower-Middle Income</i>	2010	<i>Lower-Middle Income</i>
1996	<i>Lower-Middle Income</i>	2011	<i>Lower-Middle Income</i>
1997	<i>Lower-Middle Income</i>	2012	<i>Lower-Middle Income</i>
1998	<i>Lower-Middle Income</i>	2013	<i>Lower-Middle Income</i>
1999	<i>Lower-Middle Income</i>	2014	<i>Lower-Middle Income</i>
2000	<i>Lower-Middle Income</i>	2015	<i>Lower-Middle Income</i>
2001	<i>Lower-Middle Income</i>	2016	<i>Lower-Middle Income</i>
2002	<i>Lower-Middle Income</i>	2017	<i>Lower-Middle Income</i>
2003	<i>Lower-Middle Income</i>	2018	<i>Lower-Middle Income</i>
2004	<i>Lower-Middle Income</i>	2019	<i>Lower-Middle Income</i>
2005	<i>Lower-Middle Income</i>	2020	<i>Lower-Middle Income</i>

Sumber : Hasil olah data,BPS

Furthermore, from the results of data processing with the E-Views 10 application obtained the following regression equation.

$$Y = 6.066663 + 0.082869 X_1 - 0.337476 X_2 + 0.037852 X_3$$

Information:

Y = Pendapatan per Kapita

X₁ = Penanaman Modal Asing (PMA)

X₂ = Jumlah Penduduk

X₃ = Ekspor

Based on the equation above, it can be explained as follows: The coefficient value of foreign investment (PMA) (X₁) has a coefficient of 0.082869 means that if there is an increase in foreign investment of US \$ 1 and when other factors are considered fixed, it

will increase per Capita Income by US \$ 0.082869 or any (PMA) of US\$ 10,000, will increase per Capita Income by US \$ 828.

The population coefficient (X₂) has a coefficient of -0.337476, meaning that if there is an increase in the population by 1 percent and when other factors are considered fixed, it will decrease per Capita Income by US \$ 0.337476 or any population of 10 percent, will decrease per Capita Income by US \$ 3,374. This shows the effect on the increasingly higher gdp per capita

divide, so that it will reduce per capita income.

The value of the export coefficient (X3) has a coefficient of 0.037852, meaning that if there is an increase in exports of US \$ 1 and when other factors are considered fixed, it will increase per Capita Income by US \$ 0.037852 or each export by US \$ 10,000, will increase per Capita Income by US \$ 378.

Classic Assumption Test

Normality Test

Jarque-Bera's normality test result that probability amounted to $4.301149 > 0.05$ means that the data in this study is normal distribution.

Linearity Test

The test results obtained the probability number F-statistic of $0.4875 > 0.05$ means that the relationship of the free variable with the bound variable is linear.

Multicollinearity Test

There is no variable whose Centered VIF value is more than 10, so it can be concluded that all free

variables in this model are free from multicollinearity problems.

Heteroskedasticity Test

The white test results obtained Prob-Chi Square 0.0679, it can be concluded that probability chi-square $0.0679 > 0.05$ means that there is no problem of heteroskedasticity in the analysis data studied.

Autocorrelation Test

Prob-Chi Square test results 0.1489, it can be concluded that the value of Prob-Chi Square $0.1489 > 0.05$, meaning that there are no autocorrelation problems in the data in the analysis studied. Furthermore, to find out the influence of foreign investment, the number of residents and exports can be seen in the table below.

Tabel 2 Hasil Uji t

Variabel	t- statistic	Prob statistic	t- Statistic	Signifikansi 5%
Penanaman Modal Asing (PMA)	8.296405	0.0000		Signifikan
Jumlah Penduduk	- 2.464443	0,0206		Signifikan
Ekspor	3.499111	0,0017		Signifikan

Sumber: Hasil Pengolahan E-Views 10

Based on table 2 above, the decision taken from the test results can be known that:

Static value of foreign investment variable (PMA) (X1) of 8.296405 > t Table of 1.70562 in other words the probability value of 0.0000 < 0.05 then H0 is rejected, meaning there is a positive and significant relationship between pmdn free variable (X1) to variable bound income per capita in Indonesia.

Static value of population variable (X2) of -2.464443 < t Table of 1.70562 in other words the probability value of 0.0206 < 0.05 then H0 is rejected, meaning there is a negative and significant relationship between the free variable of population number (X2) to variables bound to Income per Capita in Indonesia.

Static value variable population number (X3) of 3.499111 > t Table of 1.70562 in other

words the probability value of 0.0017 < 0.05 then H0 is rejected, meaning there is a positive and significant relationship between export-free variables (X3) to variables bound to Income per Capita in Indonesia.

Based on the above description that foreign investment, population and exports have a significant effect on per capita income, this is in line with previous research.

Furthermore, the statistical test F is conducted to find out if all the free variables contained in the model have a mutual influence on the bound variable. To know this can be seen from the magnitude of the probability value of its significance.

If the probability value of its a significant effect together on the significance is less than 0.05 then dependent variable. the independent variable will have

Tabel 3 Hasil Uji F

F-statistic	76.74529
Prob(F-statistic)	0,000000

Sumber: Hasil Pengolahan E-Views 10

In table 3 the F-statistical value of this test result is 76.74529 and the F-table value of 0.000000 at $\alpha = 0.05$. It can be concluded together, that foreign investment variables (PMA), population and exports have a significant effect on Per Capita Income in Indonesia.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of the analysis that has been discussed in the previous chapter. So in this study can be concluded as follows:

1. Based on the results of the criteria of income classification parameters according to the World Bank and according to Felipe et al (2012) it can be stated that Indonesia throughout 2019 to 2020 has been in the trap of middle income trap Or
2. Foreign capital security, population and exports have a significant effect on per capita income

5.2. Suggestion

With respect to foreign investment, population and exports are related to per capita income, the government needs to pay close attention, so that per capita income can be maintained even more, so that Indonesia can get out of the Middle-Income trap.

DAFTAR PUSTAKA

Aviliani, Siregar, H., Hasanah, H., 2014. Addressing the Middle-Income Trap: Experience of Indonesia. *Asian Social Science* Volume 10 No.7 p 163- 172.

Aprisal W. Malale, Maung Agus Sutikno, 2014. Analisis Middle-Income Trap di Indonesia. *Jurnal BPPK*, Volume 7 Nomor 2

Aviliani, Hermanto Siregar & Heni Hasanah, 2014. Addressing the Middle-Income Trap : Experience of Indonesia. *Asian Social Science* Vol. 10 No. 7

Asmirawati, 2017. Analisis Middle Income Trap di Indonesia, *Jurnal Ecosains* Vol 6 No1

- Felipe, J., 2012. Tracking the Middle-Income Trap: What is it, Who is in It, and Why? *ADB Economics Working Paper Series Part 1* No.306 p 1-38.
- Felipe, J., 2012. Tracking the Middle-Income Trap: What is it, Who is in It, and Why? *ADB Economics Working Paper Series Part 2* No.307 p 1-24.
- Hotmaria Elecktawati Lumbangaol dan Ernawati Pasaribu, 2018. Eksistensi dan Determinan Middle Income Trap di Indonesia, *Jurnal Ekonomi dan Kebijakan Publik* Vol 9. No.2
- Iskandar A.A, 2014. Analisis Kualitas Pertumbuhan Ekonomi Di Tinjau dari Pendekatan Middle Income Trap Provinsi Lampung. *Jurnal Manajemen dan Bisnis*, Vol. 4 No.2
- Raisal Fahrozi Lubis, 2015. The Middle Income Trap: is there a way out for ASIAN countries. *Journal of Indonesia Economy and Business* Vol. 30 No. 3
- Sigit Setiawan, 2017. Middle Income Trap and Infrastructure issues in Indonesia: A Strategic Perspective. *Internasional Journal of Economics and Financial Issues* ISSN ; 2146-4138
- Tran, V.T. (2013). The Middle-Income Trap: Issues for Members of the Association of Southeast Asian Nations. *ADB Working Paper* 421. Tokyo: Asian Development Bank Institute.
- Wibowo, Tri, 2016. Ketimpangan Pendapatan dan Middle Income Trap, *Kajian Ekonomi Keuangan*, Vol 20 No 2 (Agustus 2016)
- World Bank, World Bank Country and Lending Groups. Angka di dalam tanda kurung menunjukkan perubahan dari tahun sebelumnya.