

CONVERGENCE OF GDRP PER CAPITA AND ECONOMIC GROWTH AMONG INDONESIAN PROVINCES, 1988-2008

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ABSTRACT

In this paper, we analyze the condition among province in Indonesia especially about the convergence or divergence in gross domestic regional product. This research used secondary data for the 1988-2008 periods. We divide the periods as four episodes, based on the presidential terms. They are 1988-1999, 1999-2001, 2001-2004, and 2004-2008. Entrophy Theil index, coefficients of variation, Kuznets' hypothesis test, absolute convergence, and conditional convergence were used in this research. This research found that the convergence in gross domestic regional product happened in every period of the presidential leadership in Indonesia. We also found that regional economic growth in Indonesia is determined by gross domestic regional product per capita, oil and gas resources, general allocation funds and revenue sharing funds.

Keywords: *convergence, regional economic growth, gross domestic regional product*