



## TABLE OF CONTENTS

<b>COVER</b> .....	<b>i</b>
<b>STATEMENT OF LEGALIZATION</b> .....	<b>ii</b>
<b>STATEMENT OF APPROVAL</b> .....	<b>iii</b>
<b>STATEMENT OF ORIGINALITY</b> .....	<b>iv</b>
<b>PREFACE</b> .....	<b>v</b>
<b>DEDICATION</b> .....	<b>vi</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>ABSTRACT</b> .....	<b>xi</b>
<b>ABSTRAK</b> .....	<b>xi</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background .....	1
1.2 Problem Statement .....	12
1.3 Research Question .....	14
1.4 Research Purpose .....	14
1.5 Research Motivation .....	14
1.6 Research Benefits.....	15
1.7 Research Contribution .....	15
1.8 Scope of Research and Limitations.....	16
<b>THEORETICAL FRAMEWORK</b> .....	<b>18</b>
2.1 Infrastructure and Income Inequality.....	18
2.1.1 Roads and Income Inequality.....	26
2.1.2 Telecommunication and Income Inequality.....	27
2.1.3 Water and Income Inequality.....	29
2.1.4 Electricity and Income Inequality.....	31
2.2 Literature Review.....	33
<b>METHODOLOGY</b> .....	<b>41</b>
3.1 Research Design.....	41
3.2 Operational Definition of Variables.....	42
3.3 Population and Samples .....	46
3.4 Research Instrument.....	46
3.4.1 Panel Data .....	47
3.4.2 Random Effects.....	49
3.4.3 Fixed Effects .....	49
3.4.4 Serial Correlation Test.....	50
3.5 Data Collection .....	52
3.6 Data Analysis Technique .....	53



<b>DISCUSSION .....</b>	<b>55</b>
4.1 Data Description .....	55
4.2 Hypothesis Testing .....	56
4.3 Discussion .....	58
<b>CONCLUSION .....</b>	<b>63</b>
5.1 Conclusion .....	63
5.2 Limitations .....	63
5.3 Implications .....	64
<b>REFERENCES.....</b>	<b>68</b>
<b>APPENDIX.....</b>	<b>71</b>



## LIST OF TABLES

Table 1: Comparison of Position of Southeast Asian Countries in Infrastructure Source: Schwab 2017.....	11
Table 2: Serial Correlation Test Result.....	51
Table 3: Descriptive Statistics of the Data.....	55
Table 4: The Regression Result.....	56
Table 5: Gini Coefficient of Indonesian Provinces.....	71
Table 6: Lengths of Covered Road on Indonesian Provinces (kilometers). .....	75
Table 7: Households that Have Accessed the Internet on each Province.....	81
Table 8: Total Water Sent by Public Water Company (m3).....	86
Table 9: The Electricity Connected to the Customers on each Province (MVA)..	91



## LIST OF FIGURES

Figure 1: Indonesian GDP (Constant 2010 US\$). .....	1
Figure 2: Distribution of GRDP to Total GRDP of 34 Provinces at Current Market Prices by Province (Percentage). .....	2
Figure 3: Gini Coefficient of Indonesia Provinces. ....	3
Figure 4: Gini Coefficients of Provinces in Java Island. ....	4
Figure 5: Infrastructure Budget In APBN (Trillion Rupiah) .....	6
Figure 6: Numbers of Power Plant in Indonesia. ....	7
Figure 7: The Length of Paved Road in Indonesia (kilometers). ....	8
Figure 8: Fixed Telephone Subscription in Indonesia. ....	9
Figure 9: Percentage of Household that have Accessed Internet in Indonesia. ....	9
Figure 10: Profile of Internet Users in Indonesia. ....	59
Figure 11: The Occupations of Internet Users in Indonesia. ....	59
Figure 12: The Tools Used to Access the Internet. ....	60
Figure 13: Percentage of Households that Able to Use Mobile Phone in Indonesian Rural Area. ....	61
Figure 14: Percentage of Households that Able to Use Mobile Phone in Indonesia (Urban + Rural). ....	62