

The convergence of per-capita income in Aceh Province: Study before and after the transfer of special autonomy funds (Otsus)

Abstract

This study aims to analyze convergence of per capita income of districts/cities in Aceh Province. The study period is divided into two phases, namely the phase before the transfer of autonomous funds (2001-2007) and the phase after the transfer of Special Autonomy Fund (Otsus) in 2008. The model used is a panel data regression model that is grouped into both phases. In addition, to see convergence of per capita income between regions in Aceh Province, sigma and beta (absolute and conditional) convergence is used. The results show that, first of the sigma convergence phase analysis prior to the transfer of special autonomy fund, GRDP-per capita experienced a census indicated by the value of standard deviation that fluctuated with the downward trend, then in the phase after the transfer of funds of economic autonomy of Aceh also experienced convergence indicated by the standard deviation value fluctuates with the downward trend. Second, for the second phase beta convergence analysis, the phase before the Otsus funds transfer and phase after the transfer of Otsus funds shows that there is no convergence of GRDP-per capita but the divergence shown by the initial positive-marked PDRB-per-capita coefficient value. While the influence of other economic variables such as Capital Expenditure, Total Labor Force, and Total Factor Production in the phase before the transfer of funds Otsus affect the GDP-per-capita. While in the post-autonomous transfer phase none of the exogenous variables affect the GRDP-per-capita.