THE EFFECT OF FOREIGN DEBT, FOREIGN INVESTMENT AND STATE REVENUES ON POVERTY IN INDONESIA

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A R T I C L E I N F O R M A T I O N　　　　**A B S T R A C T**

This study aims to analyze the effect of Foreign Debt (FD), Foreign Direct Investment (FDI) and State Revenue (SR) on the number of poor people in Indonesia. The data used in this study is time series data for 1990-2021 obtained from the Indonesian Central Bureau of Statistics and the World Bank. The data were then analyzed using the Autoregressive Distributed Lag (ARDL) model. The results of this study indicate that, in the short term, the previous 1 year had a negative and significant effect on the number of poor people in Indonesia, while the previous 3 years had a positive and significant effect on the number of poor people. In the long term, foreign debt has a positive and significant effect on the number of poor people in Indonesia. FDI in the previous 0 and 3 year lag had a negative and significant effect on the number of poor people in Indonesia, while 1 year before and 3 years earlier FDI had a positive and significant effect on the number of poor people. In the long term, FDI has a negative and insignificant effect on the number of poor people. SR at lag 0 has a negative and significant effect on the number of poor people in Indonesia, whereas in the previous 3 years SR had a positive and significant effect on the number of poor people. In the long term SR has a negative and significant effect on the number of poor people in Indonesia. Based on the results of this study, it is suggested that the government should carefully calculate the amount of foreign debt needed and pay attention to the distribution of allocations for the use of foreign debt, especially in the poverty alleviation sector. In addition, the government is expected to create a conducive investment climate and increase state revenues, especially through taxes.

1. INTRODUCTION

Indonesia is a developing country that faces a poverty problem that cannot be ignored, there have been many programs carried out by the government to reduce the number of poor people in Indonesia but these policies have not been able to reduce the number of poor people significantly. Indonesia's Central Statistics Agency (BPS) mentions that the main problem in the Indonesian population is a problem of poverty, since 1994 every three years BPS issues data on the number of poor people in Indonesia which aims to find out the development of the number of poor people in Indonesia, and aims as a guide in every policy carried out by the government.

The success of development is not only seen from economic growth, economic structure and income between populations but the level of poverty is also an indication of the success of economic growth and development in a country or region. Poverty is a social problem that continues to exist in society. Booth and Me Cawley (Kadj, 2004) state that "in many countries there is indeed an increase in the level of public welfare as measured by per capita income, but it can only be enjoyed by a small part of the people, while most of the poor are less benefited, even very disadvantaged.

The number of poor people is influenced by various factors including foreign debt, according to Arsyad (2010) foreign debt is a source of government financing budget and economic development. The debt will be allocated to finance state spending to support economic activities that will ultimately boost economic growth, so that the debt will contribute to creating jobs and reducing the number of poor people..

Apart from being sourced from foreign debt, in terms of handling and alleviating the number of poor people in Indonesia, the policy that can be done in handling the number of poor people is investment, according to Noor (2007) Foreign Direct Investment (FDI) is investment in assets or production factors to conduct business or business in a country. For example, investment in plantations, fisheries, factories, shops and other types of businesses. The lack of capital investment is known to be one of the causes of many developing countries being caught in a vicious cycle of poverty and underdevelopment.

In addition to foreign debt and FDI, State Revenue (SR) also affects the number of poor people in a country, according to Todaro and Smith (Martian Ramdani, 2015) the high and low number of poor people in a country depends on two main factors, namely the average national income level and the level of income distribution gap. No matter how high the level of per capita income achieved by a country, as long as the distribution of income is uneven, then the number of poor people in the country will definitely remain severe..

Table 1. Development of the Poor, Foreign Debt, Foreign Investment and State Revenue

Year	Number of Poor People (Million People)	foreign debt (Million USD)	FDI (Million USD)	SR (Million USD)
2017	27.77	353,563	48,320	80,350
2018	26.58	379,588	43,926	82,430
2019	24.78	402,106	42,279	89,100
2022	27.55	417,531	42,965	84,210
2021	26.60	415,109	46,602	85,321

From the table above, it can be generally that in 2017-2019 the number of poor people in Indonesia has decreased even though in 2020 it has increased due to the Covid-19 pandemic which has impacted various sectors of the economy and resulted in a decrease in the income of the Indonesian population, Indonesia's foreign debt in the last five years, Indonesia's foreign debt from 2017-2020 has increased significantly Bank Indonesia (2022) stated that this increase was due to net transactions, withdrawal of transactions, withdrawal of foreign debt and the effect of strengthening the value of currencies even at the end of 2018 the exchange rate of US Dollars against Rupiah amounted to Rp14,400 per 1 US Dollar, so that debt owned by foreign investors was recorded higher in US Dollar denominations,

The amount of Indonesia's foreign debt continues to increase in 2020 is the largest amount of foreign debt in the last 5 years, amounting to 417,532 million USD, the handling of the Covid-19 pandemic is the main factor in the increase in Indonesia's foreign debt in 2020

The number of FDI in Indonesia from 2017-2019 experienced a significant decrease, but in 2019-2020 PMA again experienced an increase due to various factors both from domestic and foreign factors. Then if we look at the data above, in the last 5 years PN tends to increase in 2019 is the highest amount of state revenue and 2017 is the lowest amount of receipts.

So far, there has been a lot of research on the number of poor people in Indonesia which is associated with foreign debt, foreign investment and state revenues. Research conducted (Junaedi & Arsyad, 2018; Sessu, 2019) shows that foreign debt negatively affects poverty.

Research conducted (Fadhillah et al., 2021; Sessu, 2019) shows that foreign direct investment (FDI) negatively affects poverty. Research ofWaruwu (2016) which shows that foreign investment has no effect on the level of poverty in Indonesia, and research conducted (Ridho et al., 2019; Sessu, 2019) shows that state revenue negatively affects poverty. However, research conducted (Fathurahman, 2012) shows that state income has a positive and significant effect on poverty alleviation in Indonesia.

Previous research has shown different results regarding the influence of foreign debt, foreign investment, and population state revenues on poverty in Indonesia, in this case researchers are interested in conducting a study entitled The Effect of Foreign Debt, Foreign Investment, and State Revenue on Poverty in Indonesia in 1990-2021.

Different from previous studies, this study used the Autoregressive Distributed Lag (ARDL) Model. The ARDL method has the advantage of obtaining short-term estimates and long-term estimates simultaneously, which will prevent the occurrence of autocorrelation problems.

2. THEORETICAL REVIEW
Poverty

According to Kuncoro (2003) poverty is the inability to achieve a minimum standard of living. The problem of low standard of living is also associated with low income (poverty), poor housing, poor health and medical services, low levels of public education, and consequently low human resources.

According to BPS in 2022, the amount of poverty is based on the amount of consumption in the form of food, which is 2100 calories per person in one day (from 52 types of commodities) which is considered to represent the consumption patterns of the population in the lower layers) and non-food consumption (from 40 types of commodities) of food according to national

agreements and is not distinguished between rural and urban areas. The standard of adequacy of 2100 calories applies to all ages, genders, and the estimated level of physical activity weight and the estimated physiological status of the population, this measure is often called the poverty line, residents who have a determination below the poverty line are said to be in poor conditions, while from the financial side the Poverty Line according to BPS is IDR 505,469.00 / capita / month (BPS, 2022).

According to the World Bank (2000) the definition of Poverty is the loss of well-being while the core problem with poverty is the boundaries of welfare itself. In economic theory, the more goods consumed, the higher the level of well-being of a person. The level of well-being can be interpreted as the ability to access available resources (consumed goods). This ability to access available resources can be measured by the amount of a person's income or expenditure if the definition of poverty has to do with the level of poverty welfare can be interpreted as an inability to meet welfare or in other words a lack of access to resources to meet his or her living needs. The lack of access here means a lack of one's income.

Foreign Debt

According to Todaro (Fadhillah et al., 2021) foreign debt is the total of all loans officially in the form of cash and other forms of assets. In addition, to flow funds from developed countries to developing countries in order to realize development and distribute income. According to Wibowo (Fadhillah et al., 2021) foreign debt is one of the sources of development financing, foreign debt is also needed to cover 3 deficits, namely the investment gap, budget deficit and current account deficit.

Foreign Investment

According to Krugman (Roberts, 2015), foreign direct investment is an international capital flow where companies from one country establish or expand their companies in other countries. So that there is a transfer of resources and there is also the implementation of control over companies abroad.

Definition of foreign investment from the review and discussion of law number 1 Year 1967 and No. 11 of 1970 on Investment and Foreign Credit:

1. Foreign payment instruments that are not part of Indonesia's foreign exchange wealth, which with government approval are used to finance companies in Indonesia.
2. Tools for the company, including new inventions belonging to foreigners and materials, incorporated from outside into Indonesian territory, as long as they are not financed from Indonesia's foreign exchange wealth.
3. The part of the proceeds of the company that under this law is allowed to be transferred,, but it is used to finance companies in Indonesia.
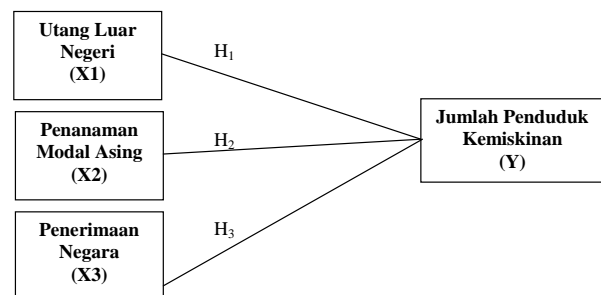
State Revenue

According to Adetya (Sari et al., 2019) state revenue is income obtained by the state to finance and run every government program, while sources of state revenue come from various sectors, where all the proceeds from these revenues will be used to finance development and improve the welfare of all Indonesians.

According to Larasati, (Ganie 2012) state revenue, discusses about several sources of state obtaining income. In this revenue theory, it analyzes the comparison of profits and losses from various forms of income and discusses the principles that must be carried out on these choices, namely, against various sources of state income such as taxes, state debt and the creation of new sources of revenue.

3. Conceptual Framework

Based on the theories and studies described earlier, the conceptual framework of this research is shown in Figure 1 below:

Picture 1. Conceptual Framework

The conceptual framework in this study explains the influence between free and bound variables, namely: The influence of foreign debt (X1), foreign investment (X2) and state revenue (X3) on the number of poor people (Y) from the conceptual framework above can be described variables X1, X2, and X3 will have a positive or negative and significant effect on the number of poor people so that each of these variables will directly affect the number of poor people in Indonesian.

3.RESEARCH METHOD

Location and Object of Study In this study, the object of research is poverty, foreign debt, foreign investment, and state revenue. While the research location is in Indonesia.

Types and Sources of Research Data

The type of data used in this study is secondary data. Secondary data is an indirect source of research data obtained through intermediary media. The data analyzed

in this study is sourced from the Central Statistics Agency of Indonesia and the World Bank in the form of the number of poor people, foreign debt, foreign investment and state revenues. The secondary data used is in the form of time series data, namely from 1990-2021 with a time level of 32 years.

Operational Definition

The operational definition of each variable in this study is as follows:

1. Poverty (Y)

Poverty is the inability from the economic side to meet the basic needs of food and not food as measured in terms of expenditure. In this study, the data taken in measuring poverty, namely data on the number of poor people in Indonesia from 1990-2021, was measured using units of soul.

2. Foreign Debt (X1)

Foreign debt is the total debt of Indonesia's sovereign debt, obtained from creditors abroad in 1990-2021, measured using USD units.

3. Foreign investment (X2)

Foreign direct investment is an international capital flow, where companies from a country establish or expand their companies in Indonesia in 1990-2021, measured using USD units.

4. State Revenue (X3)

State revenue is the income of the Indonesian State which is used as a source of funding for state activities and needs in the context of development in 1990-2021, measured using USD units.

Data Collection Techniques

The data collection technique used in this study is the documentation method, namely by reading, copying and processing data or records written in related agencies, namely, from BPS. The data obtained in the data that has to do with the problems in this study, namely data on poverty, foreign debt, foreign investment and state revenues.

Data Analysis Methods
Regression Analysis

This research uses quantitative analysis methods. The analytical tool used in this study is Autoregressive Distributed Lag (ARDL).

$$\Delta KMK_t = \alpha_0 + \alpha_1 \Delta ULN_{t-1} + \alpha_2 \Delta PMA_{t-1} + \alpha_3 \Delta PN_{t-1} + e_t$$

The equation in the short term is:
Where:
KMK : Number of Poor People

ULN : Foreign Debt
PMA : Foreign Investment
PN : State Revenue
$\alpha_0 \alpha_1$: Constant
$\beta_0 \beta_1$: Model Coefficient ARDL
e_t : *Residual (error term)*

$$KMK = \beta0 + \sum_{i=1}^{\mu} \beta_1 ULN_t + \sum_{i=0}^{\mu} \beta_2 PMA_t + \sum_{i=0}^{\mu} \beta_3 PN_{t-i} + et$$

Keterangan:

KMK	= Number of Poor People
ULN	= Foreign Debt
PMA	= Foreign Investment
PN	= State Revenue
α	= Long-Term Dynamic Coefficients
et	= Standard Error

Broadly speaking, the steps that will be taken to analyze using the ARDL method are:

Data Stationaryity Test

Testing the stationaryness of data using dynamic models is very important, the reason is to avoid spurious regression in estimating a model. This stationaryness test is also often referred to as the root test unit test. There are several ways to test the unit root test. Among them are Augmented Dikey Fuller and Philips-Perron. Both identify the presence of the root unit as a null hypothesis. In this study, the root test unit test will use the Dickey Fuller (DF) method by allowing the assumption of an error distribution. Testing the stationaryness of data using dynamic models is very important, the reason is to avoid spurious regression in estimating a model. This stationaryness test is also often referred to as the root test unit test. There are several ways to test the unit root test. Among them are Augmented Dikey Fuller and Philips-Perron. Both identify the presence of the root unit as a null hypothesis. In this study, the root test unit test will use the Dickey Fuller (DF) method by allowing the assumption of an error distribution.

Deskriptif Statistik

Statistical Descriptive Test is an arrangement of numbers that gives an idea of the data presented in the form of tables, histogram diagrams, polygons, frequencies, placement measures (Median, quartile, decile and percentile), central symptom size (calculated average, measuring mean), standard deviation, mode and linear regression.

Test Classical Assumptions

Assumptions are commonly used to shorten the turnaround time. The assumption test that can be done is as follows.

Normlity Test

According to Gujarati and Porter (2009) & Widarjono (2017) the normality test aims to test whether in regression the residual variable has a normal distribution or not. Normality testing using the Jerque Bera test (JB-test), the conditions are:

1. If JBhit > X2tab and Prob Value < 0.05, then the residual data in the model is not normally distributed
2. If JBhit < X2tab and the Prob Value > 0.05, then the residual data in the model is normally distributed.

Autocorrelation Test

Autocorrelation is a condition where the error factor in a certain period correlates with the error factor in another period. One way to see white noise can be tested through the ACF and PACF Correlograms of the residual. If the ACF indicates residual white noise means that the model is suitable, on the contrary, the model is not suitable. To find out whether there is stability and the presence or absence of autocorrelation in the model, it can be seen from the probability that it is greater than 0.5. Autocorrelation is a condition where the error factor in a certain period correlates with the error factor in another period. One way to see white noise can be tested through the ACF and PACF Correlograms of the residual. If the ACF indicates residual white noise means that the model is suitable, on the contrary, the model is not suitable. To find out whether there is stability and the presence or absence of autocorrelation in the model, it can be seen from the probability that it is greater than 0.5.

Multicholinearity Test

Multicholinerity according to Gujarati and Porter (2012) is a linear relationship that occurs between independent variables. To test the symptoms of multicholinearity can be done by calculating the Variance Inflation Factor (VIF) from the estimated results. The provisions of the Multicholinearity Test are:

1. If the correlation value between free variables > 0.80, then in the model there is an indication of multicholinearity
2. If the correlation value between free variables < 0.80, then in the model there is no indication of multicholinearity.

Heteroskedasticity Test

The heteroskedasticity test aims to test whether in a regression model, there is a variance or residual inequality from one observation to another. The problem of heteroskedasticity arises when the interference variable has a non-constant variance (Gujarati & Porter, 2012). The provisions of the Heteroskedasticity Test are:

1. *When the value of the probability of chi-square* > 0,05 (α = 5%), It can be said that in the model there is no problem of heteroskedasticity.
2. If the value of the probability of chi-square < 0.05 (α = 5%), it can be said that in the model there is a problem of heteroskedasticity.

Optimum Lag Determination

The determination of optimal lag can be determined by considering the criteria determined by Akaike Information Criterion (AIC), Schwarz Information Criterion (SIC), HannanQuin Information Criterion (HQ), and Likehood Ratio (LR). In this study, the determination of lag length will be seen through the Akaike Information Criterion (AIC).

Cointegration Test Bound Test

The cointegration test is performed to test whether non-stationary variables in the level data are cointegrated between one variable and another. This cointegration is formed when a combination of non-stationary variables produces a stationary variable. If there is an equation as follows:

$$yt=\beta 0 +\beta 1x1 + et$$

Thus, the error of the equation can be written into :

$$et =yt -\beta 0-\beta 1x1$$

Note that et is a linear combination of x1 and x2. The concept of cointegration was introduced by Engle and Granger in 1987 where et must be stationary at I (0) to produce a long-term equilibrium. This research tested the cointegration using the Bound TestingCointegration method. The method is carried out by comparing the calculated F-statistical value with the upper bound crisis value (I) (0) (Nur Fadhilah, 2017).

ARDL Model Stability Test

The ARDL model stability test in this study used the CUSUM test with a 95% confidence level. CUSUM test results for the ARDL model in this study. The stability of the model is determined from the position of the CUSUM line which is blue between the two significance lines of 5% which are red.

ARDL Model Estimation

The ARDL model was chosen because using ARDL will be able to see the influence of Y and X over time, as well as the influence of the past Y variable on the present Y.

4. RESULTS OF RESEARCH AND DISCUSSION

Analysis of Research Data Description

The data used in this study uses secondary data obtained from the Central Statistics Agency (BPS) of the Republic of Indonesia, the World Bank, and the regression model used in this study is the AutoregressiveDistributed lag (ARDL) model where the object under study is in Indonesia.
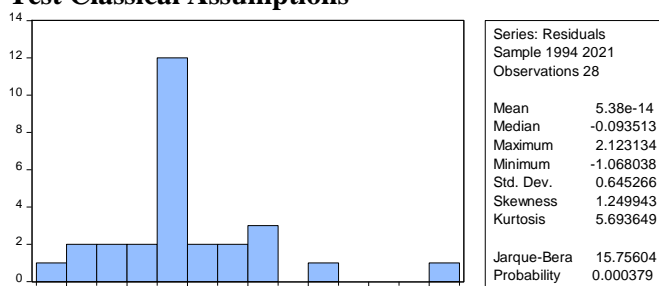
Table 2. Stationaryity Test

Variable	Unit Root	ADF Test	Critical value	ADF	Keterangan
Kemiskinan	Level	-1.649.166	-2.960.411	0.4463	Tidak Stasioner
	First Difference	-5.678.456	-2.963.972	0.0001	Stasioner
Utang Luar Negeri	Level	-0.730068	-2.960.411	0.8245	Tidak Stasioner
	First Difference	-3.396.218	-2.963.972	0.0191	Stasioner
Penanaman Modal Asing	Level	-3.379.641	-2.960.411	0.0196	Stasioner
	First Difference	-7.068.233	-2.963.972	0.0000	Stasioner
Penerimaan Negara	Level	-0.628255	-2.960.411	0.8500	Tidak Stasioner
	First Difference	-5.624.527	-2.963.972	0.0001	Stasioner

Source: Eviews 10 Data processed in 2022

Based on Table 2 of the ADF Unit Root Test, it can be concluded that the 4 variables in this study are stationary at first difference, namely the variables of the number of poor people, foreign debt, and state revenue where the probability value is less than 0.05 (Prob < 0.05). This means that all variables can be continued testing either using first difference For this study

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Test Classical Assumptions

Series: Residuals	
Sample 1994 2021	
Observations 28	
Mean	5.38e-14
Median	-0.093513
Maximum	2.123134
Minimum	-1.068038
Std. Dev.	0.645266
Skewness	1.249943
Kurtosis	5.693649
Jarque-Bera	15.75604
Probability	0.000379

Source: Eviews 10 processed in 2022

Picture 2. Normality Test

Based on the results in Table 2 above, it can be seen that the Table value with df (4) = 9.488 when compared with J-B in the Normality test figure of 15,756 > 9,488 then it can be concluded that the regression model, disruptive or residual variables in the model are not normally distributed. This can also be seen from the probability value of 0.0004 < 0.05.

Table 1. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.063397	Prob. F(2,6)	0.9392
Obs*R-squared	0.579458	Prob. Chi-Square(2)	0.7485

Source: Eviews 10 processed in 2022

Table 4 above shows that the value of the residual squared prob coleogram result > 0.05 or 0.748 > 0.05 indicates that the data is valid and does not indicate autocorrelation.

Table 2. Heteroskedasity Test

Heteroskedasticity Test: White

F-statistic	0.490432	Prob. F (19,8)	0.9033
Obs*R-squared	15.06564	Prob. Chi-Square(19)	0.7184
Scaled explained SS	2.886238	Prob. Chi-Square(19)	1.0000

Sumber : *Eviews* 10 diolah tahun 2022

Based on table 5 above, it shows that the model data used in this study is free from heteroskedasity from these results seen from obs*R-squared< X2 at df(19) = 30.14 so that 15,065 < 30.14 this can be seen from the Probability value (P-value) of 0.72 > 0.05.

Table 3. Multicholinearity Test

Covariance Analysis: Ordinary
Date: 11/15/22   Time: 20:03
Sample: 1990 2021
Included observations: 32

Correlation t-Statistic	KMK	LNPMA	LNULN	LNPN
KMK	1.000000			

LNPMA	-0.104055	1.000000		
	-0.573041	-----		
LNULN	-0.329730	0.777478	1.000000	
	-1.912990	6.771110	-----	
LNPN	-0.518044	0.683034	0.809108	1.000000
	-3.317278	5.122126	11.95359	-----

Source : Eviews 10 processed in 2022

Based on Table 6, it is known that the value of the multicholinearity test results of the PMA and ULN variables is 0.78 < 0.8 and for the PMA and PN

variables of 0.68 < 0.8, it can be said that there is no multicholinearity in these three free variables.

Table 4. Optimum Lag Determination

R-squared	0.973876	Mean dependent var	33.19036
Adjusted R-squared	0.935878	S.D. dependent var	5.707340
S.E. of regression	1.445230	Akaike info criterion	3.854391
Sum squared resid	22.97559	Schwarz criterion	4.663229
Log likelihood	-36.96147	Hannan-Quinn criter.	4.101661
F-statistic	25.62955	Durbin-Watson stat	2.242256
Prob(F-statistic)	0.000002		

Source : Eviews 10 processed in 2022

Based on Table 7 Criteria with models Akaike Info Creterion (AIC), Schwarz Criterion (SC), Hanna-Quin Criter (HQC) Average values range from lag 4 (Automatic selection). Thus in this study the optimal lag length to be used is 4.

Table 8. Cointegration Test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
		Asymptotic : n=1000		
F-statistic	7.337593	10%	2.37	3.2
K	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Source : Eviews 10 processed in 2022

Based on Table 8, cointegration testing using the Bound Test approach shows the occurrence of cointegration where the F-statistical value of 7.337593 is greater than I(0) and I(1) Bound, both at a confidence level of 10%, 5%, and 1%.
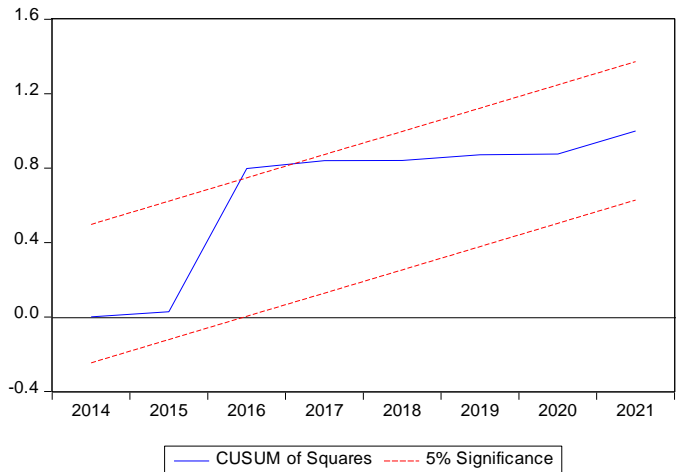
Stability Test
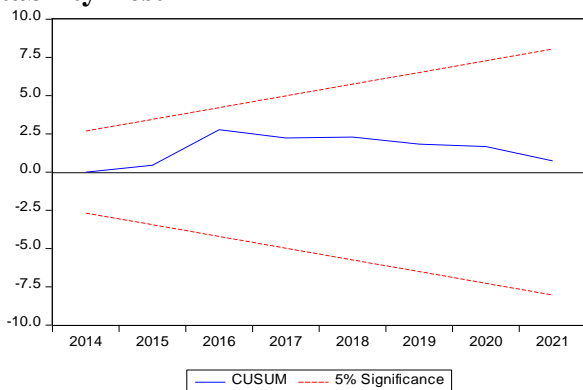
Source : Eviews 10 processed in 2022
Picture 3. Uji Stability of CUSUM Testing

Based on Figure 3 the CUSUM Test test results can be explained, namely the Wr quantity plot is not above the boundary line at a significant rate of 5%, the plot forms a linear line.

Source : Eviews 10 processed in 2022

Pictture 4. ARDL Stability Test (CUSUMQ)

The results of the CUSUM Q test can be explained that the Sr quantity plot is not above the boundary line at a significant rate of 5%, the plot forms a linear line.

Table 9. Correlogram Test Results

Date: 07/15/22   Time: 10:19

Sample: 1990 2021

Included observations: 28

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob*
. *| . |	. *| . |	1	-0.074	-0.074	0.1714	0.679
. |* . |	. |* . |	2	0.159	0.154	0.9872	0.610
. | . |	. | . |	3	0.020	0.042	1.0004	0.801
. *| . |	. *| . |	4	-0.085	-0.109	1.2520	0.869
. |* . |	. | . |	5	0.086	0.066	1.5227	0.910
. |**. |	. |**. |	6	0.225	0.278	3.4482	0.751
. | . |	. | . |	7	-0.064	-0.060	3.6136	0.823
. | . |	. *| . |	8	-0.039	-0.174	3.6780	0.885
. *| . |	. *| . |	9	-0.086	-0.073	4.0049	0.911
. | . |	. | . |	10	-0.038	0.058	4.0718	0.944
. | . |	. | . |	11	0.010	-0.014	4.0765	0.968
. | . |	. *| . |	12	0.024	-0.067	4.1068	0.981

*Probabilities may not be valid for this equation specification.

Sumber : *Eviews* 10 diolah tahun 2022

Berdasarkan hasil pengujian correlogram squared residual dapat dijelaskan bahwa nilai probabilitas

Q-stat menunjukkan hasil > dari 0,05 ini menandakan model tersebut sudah valid dan stabil.

Tabel 10. Estimasi ARDL Jangka Pendek

ARDL Error Correction Regression

Dependent Variable: D(KMK)

Selected Model: ARDL(4, 4, 4, 4)

Case 2: Restricted Constant and No Trend

Date: 07/15/22   Time: 10:15

Sample: 1990 2021

Included observations: 28

ECM Regression

Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(KMK(-1))	0.132503	0.100023	1.324735	0.2218
D(KMK(-2))	-0.133416	0.129645	-1.029092	0.3335
D(KMK(-3))	0.456335	0.117390	3.887328	0.0046
D(LNPMA)	-2.588999	0.723694	-3.577479	0.0072
D(LNPMA(-1))	1.787565	0.516357	3.461878	0.0085
D(LNPMA(-2))	-1.303885	0.550805	-2.367236	0.0454
D(LNPMA(-3))	1.838653	0.669268	2.747258	0.0252
D(LNULN)	9.227434	6.769997	1.362989	0.2100
D(LNULN(-1))	-14.01848	4.718396	-2.971026	0.0178
D(LNULN(-2))	1.572553	4.079555	0.385472	0.7099
D(LNULN(-3))	31.15939	5.291789	5.888252	0.0004
D(LNPN)	-6.984587	1.567626	-4.455517	0.0021
D(LNPN(-1))	-2.027446	2.108001	-0.961786	0.3643
D(LNPN(-2))	-0.500332	1.673917	-0.298899	0.7726
D(LNPN(-3))	4.104515	1.633517	2.512685	0.0362
CointEq(-1)*	-0.305798	0.041222	-7.418352	0.0001

R-squared	0.968316	Mean dependent var	0.025000
Adjusted R-squared	0.928711	S.D. dependent var	3.625091
S.E. of regression	0.967899	Akaike info criterion	3.068181
Sum squared resid	11.24194	Schwarz criterion	3.829441
Log likelihood	-26.95454	Hannan-Quinn criter.	3.300906
Durbin-Watson stat	1.985003		

* p-value incompatible with t-Bounds distribution.

Sumber : *Eviews* 10 diolah tahun 2022.

Based on Table 9 the short-term test results can be formulated as follows:

$$\Delta KMK_t = 0.456\Delta KMK_{(-3)} - 14.018\Delta LNULN_{(-1)} + 31.159\ \Delta LNULN_{(-3)} - 2.589\Delta LNPMA_t + 1.788\Delta LNPMA_{(-1)} - 1.304\Delta LNPMA_{(-2)} +$$

$$1.839\Delta LNPMA_{(-3)} - 6.985\Delta LNPN_t + 4.105\Delta LNPN_{(-3)} - 0.306\ Ect\ (-1).$$

Tabel 11. Estimasi Jangka Panjang

Levels Equation

Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNULN	11.11654	22.24253	0.499788	0.6307
LNPMA	-20.16327	14.90577	-1.352716	0.2131
LNPN	-1.605655	9.760887	-0.164499	0.8734
C	309.0086	150.2097	2.057182	0.0737

EC = KMK - (11.1165*LNULN -20.1633*LNPMA - 1.6057*LNPN + 309.0086)

KMK = 309.009 + 11.117 LNULN - 20.163 LNPMA - 1.606 LNPN

Based on this formulation, it can be seen that the constant value is 309.01, which means that if the foreign debt, FDI and PN are of constant value in the long term, the number of poor people will increase by 309.01 million people.

Discussion
The Effect of Foreign Debt on poverty

Based on the results of tests that have been carried out, it can be concluded that in the short term foreign debt at lag 3, has a positive and significant effect on the number of poor people because the prob value is $0.0004 < 0.01$. However, lag 1 has a negative and significant effect on the number of poor people because the prob value is $0.0178 < 0.05$. In the long run, foreign debt has a positive but insignificant effect on the number of poor people because the prob value is $0.6307 > 0.05$.

The Effect of Foreign InvestmentOn Poverty

Based on the tests that have been carried out, it can be concluded that foreign investment in the short term in lags 1 and 3 has a positive and significant effect on the number of poor people because the prob values are 0.00454 and $0.0252 < 0.05$. However, lags 0 and 2 have a negative and significant effect on the number of poor people because the prob values are 0.0072 and $0.0085 < 0.01$. In the long run, it has a negative but

insignificant effect on the number of poor people because of the prob value of 0.2131.

The Effect of State Revenue on Poverty

Based on the tests that have been carried out, it can be concluded that state revenue in the short term at lag 0 has a negative and significant effect on the number of poor people because the prob value is $0.0021 < 0.01$. However, in lag 3 state revenue has a positive and significant effect on the number of poor people because the prob value $> 0.0362 < 0.05$. In the long run, admissions also have a negative but insignificant effect on the number of poor people because of the prob value of 0.8374.

5. Conclusions and Suggestions

Conclusion

Based on the results of the study, conclusions can be drawn, namely:
1. In the short term, foreign debt at lag 3 has a positive and significant effect and at lag 1 it has a negative and significant effect on the number of poor people in Indonesia. In the long run, foreign debt has a positive and insignificant effect on the number of poor people in Indonesia.
2. In the short term, foreign investment in lag 1 and lag 3 has a positive and significant effect, while lag 0 and lag 2 have a negative and significant effect on the number of poor people in Indonesia. In the long run, foreign investment has a negative and insignificant effect on the number of poor people in Indonesia.
3. In the short term, state revenue at Lag 0 has a negative and significant effect and lag 3 has a positive and significant effect on the number of poor people in Indonesia. In the long run, state revenue has a negative and insignificant effect on the number of poor people in Indonesia.

Suggestion

Based on the results of research and observations that have been made, suggestions can be given:
1. The government should carefully calculate the amount of foreign debt needed and pay attention to the distribution of allocations for the use of foreign debt, especially for poverty alleviation sectors.
2. Foreign investment is one of the important determinants that affects the number of poor people in Indonesia, therefore it is hoped that the Government of Indonesia will continue to strive to improve a conducive foreign investment climate so that it can encourage investors' interest in investing in Indonesia.

3. The government also needs to increase state revenues, especially from taxes as a source of funding for state activities and needs in the context of state development, especially funding for poverty reduction.
4. For subsequent researchers, it is recommended that they can conduct research using other variables that affect the number of poor people in Indonesia apart from the variables used in this study, increase the year of analysis, and use different research methods to enrich scientific treasures.

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