# Effect Of Capital Expenditures, Economic Growth And Poverty On Human Development In Central Kalimantan

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**Abstract:** Human development is a process of development that aims to be able to have more choices, especially in education, health, and income. One criterion could be seen through the Human Development Index. The aim of this study was to determine how the development of the Human Development Index (HDI) in Central Kalimantan Province in 2006-2013 and to analyze how big influence capital spending, economic growth and poverty rates to the Human Development Index in Central Kalimantan. The results showed an increase in the development of HDI medium HDI category during the period of 2006-2013 to be able to achieve the HDI targets set by the government. While the regression results showed capital expenditures took effect positively and significantly on the HDI, economic growth took effect positively and significantly on the HDI, and poverty levels took effect negatively and significantly toward HDI. The conclusion is that the development of HDI has increased during the years 2006-2013, capital expenditures and economic took effect positively and also poverty took effect negatively to HDI. Through this study, it is suggested that the government's planning policy is not only look at the achievement of economic growth, but also target of increasing human development because economic growth alone is not sufficient to improve the quality of human resources, especially in the aspect of education, health and incomes of people.

Keywords: Capital Expenditures, Economic Growth, Poverty, Human Development

# I. Introduction

The implementation of regional autonomy and fiscal decentralization is based on the consideration that the provincial government is more aware of the needs and service standard for people in the region, thereby granting regional autonomy is expected to spur increased prosperity through increased economic growth and a decrease in the number of poor. The increasing of decentralization of funds transferred each year by the central government is expected to boost economic growth. According to Priyo Hari Adi (2009) regional economic growth positively and significantly influenced by human development. Essentially the development is human development, so that it should be prioritized on the allocation of expenditure for this purpose in the budgeting. Spending priorities in order to improve human development will also increase public welfare.

One of the benchmarks used in viewing quality of human life is the Human Development Index (HDI) which is measured by the quality of education, health and economic (purchasing power). Through the increase of three indicators above it is expected to be an increase in the quality of human life. This is due to the heterogeneity of individuals, disparities in geographical and social conditions varied so causes the level of income is no longer a major benchmark in calculating the success rate of development. However, the success of human development cannot be separated from the performance of the government's role to create regulation in order to achieve social order.

Ginting (2008) states that human development in Indonesia is synonymous with poverty reduction. Investment in education and health will be more meaningful for the poor than the non-poor, because the main asset of the poor is their manual labor. The availability of inexpensive educational and health facilities will help to improve productivity, and in turn increase revenue. Thus, it can be said that human development is not optimal because only focused on poverty reduction.

Central Kalimantan has a quite high population growth rate, 2.40 per cent during 2010-2013. Thus, it has the potential of human resources ready to be empowered. The implementation of regional autonomy to give freedom to the Government of Central Kalimantan Province to carry out more independent regional development based on the vision, mission and development objectives to be achieved by the Province of Central Kalimantan during the period 2010-2015, namely "To Continue and to Complete the Development of Central Kalimantan in Order to Enable More Prosperous People and in Dignity For the Sake of the Triumph of the Republic of Indonesia (NKRI) ".

Achievement of HDI in Central Kalimantan until 2013 reached 75.68 is in the middle category continued to increase since 2004. This shows that Central Kalimantan is able to compete with other regions, particularly on the island of Borneo and outside the island of Borneo in general that is expected to improve the competitiveness in terms of quality of human resources. The Human Development Index is one indicator in

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achieving economic development in order to realize a prosperous society and minimize poverty. Human Development Index in Central Kalimantan years 2010-2013 can be seen in Table 1 as follows.

In Table 1 above explained that the overall HDI in Central Kalimantan is in the category of medium and is increasing from year to year. Palangka Raya city and North Barito regency in fact, since the year 2010 has always been on top of HDI province, the rest is under provincial HDI figures. The lowest HDI is in the District of Pulang Pisau, Sukamara, Lamandau and Seruyan with HDI value is below 73.50. This is a disparity in the HDI achievement since the difference in the quality of human resources is also a good infrastructure in education, health and others as an indicator of HDI.

Table	e 1: Human Developmen	t Index Regency /	/ City Central I	Kalimantan Ye	ar 2010-2013
No.	Regency / City	2010	2011	2012	2013
1	Kotawaringin Barat	73.79	74.19	74.69	75.11
2	Kotawaringin Timur	74.34	74.74	75.14	75.40
3	Kapuas	73.60	74.00	74.33	74.48
4	Barito Selatan	73.60	74.01	74.34	74.54
5	Barito Utara	75.15	75.50	75.97	76.13
6	Sukamara	71.98	72.42	72.88	73.24
7	Lamandau	72.32	72.74	73.13	73.29
8	Seruyan	72.55	72.93	73.24	73.36
9	Katingan	72.65	73.32	73.67	73.83
10	Pulang Pisau	71.53	72.37	72.75	73.18
11	Gunung Mas	73.43	73.73	74.08	74.26
12	Barito Timur	73.00	73.33	73.75	73.86
13	Murung Raya	72.84	73.34	73.77	73.98
14	Palangka Raya	78.30	78.78	79.30	79.52
	Central Kalimantan	74.64	75.06	75.46	75.68

Source: BPS Central Kalimantan Province, 2014.

Development of poor people in Central Kalimantan fluctuated from year to year, so it required some of the programs in order to minimize the level of fluctuation and thus can be further stabilized human development. Poverty can make a fairly serious effect of human development because of the problem of poverty is a complex problem which actually stems from the purchasing power of people who are unable to meet basic needs so that other needs such as education and health were neglected. This makes the human development gap between them becomes larger and eventually HDI achieve targets set by the government will not become realized well. As for the development of poor people in Central Kalimantan can be seen in Table 2 below.

Tabel 2: Poverty level in the province of Central Kalimantan (%)							
	2010	2011	2012	2013			
Urban	4.03	3.91	4.21	4.3			
Rural	8.19	7.89	7.19	6.75			
Central Kalimantan	6.77	6.56	6.19	5.93			

Source: BPS Central Kalimantan Province, 2014

The government's role in improving the HDI can also be influenced by the realization of state spending in the public service. The role of government in the implementation of the policy of regional autonomy and fiscal decentralization is based on the consideration that the area more aware of the needs and service standards for people in the region, thereby granting regional autonomy is expected to spur increased prosperity in the region through increased economic growth. Regional economic growth positively and significantly influenced by human development, the essence of development is human development, so that should be prioritized allocation of expenditure for this purpose in the budget (Christy et al., 2009). See the above phenomenon, that of human development or improving the quality of human resources becomes very important in the strategy of national development policies. Emphasis on increasing importance in the development of human resources is a necessity because the human quality in a region to a large extent determine the success of the management of the construction area.

# **Human Development Index**

The Human Development Index is a composite index that measures the average achievement of a country in three basic terms of human development, namely (1) the length of life measured by life expectancy at birth; (2) the level of education as measured by a combination of literacy rate in the adult population (with twothirds weight) and the average length of school (with one-third weight); and (3) a decent standard of living, measured by the average spending of the population that has been adjusted (PPP Rupiah). This index was first developed in 1990 by Pakistani economist named Mahbub ul Haq. The HDI calculation formula is as follows.

 $HDI = \frac{1}{3}(Index X_1 + Index X_2 + Index X_3)$ 

Where:

Index1 = length of life

Index2 = level of education

Index3 = level of a decent life

Before calculating the HDI, each component of each index should be calculated beforehand with the following calculation formula.

Index  $X_{(i)} = \frac{X_{(i)} - X_{(min)}}{X_{(max)} - X_{(min)}}$ 

Where:

X<sub>(i)</sub>

= components of the HDI to i

 $X_{(min)}$  = minimum value of HDI components

 $X_{(max)}$  = maximum value of HDI components

Minimum and maximum values of each component of the HDI is as follows.

Table 3: Ma	aximum and Minim	um Value of Eac	h HDI Component
Table 5. Mic	annunn anu minni	ium value of Lac	n mor component

HDI components	Maximum	Minimum	Description			
Life expectancy (years)	85	25	UNDP Standard			
Literacy Rate (percent)	100	0	UNDP Standard			
The average duration of the school (years)	15	0	UNDP Standard			
Purchasing power (Rupiah)	732.720	300.000 (1996) 360.000 (1999 ff)	Real per capita expenditures adjusted			

Source: Central Bureau of Statistics Central Kalimantan Province, 2012.

# **Capital Expenditure**

Revenue Budget and Regional Expenditure (APBD) is a means or a tool for regional autonomy in running a real and responsible and give content and meaning, responsibilities of regional governments as budget illustrates the whole policy of Local Government. According to Law No. 25 of 1999 on Financial Balance between the Central Government and the Regions, the budget is an annual financial plan of the area defined by the regional regulation. Regional expenditures are all cash expenditure in the areas relevant fiscal year period includes recurrent expenditure (operational) and development expenditure (capital expenditure) as well as unexpected expenses.

Regional expenditure is prioritized to protect and improve the quality of life of people in order to meet the obligations of the regional government through improving basic services, education, provision of health care facilities, social facilities and public facilities viable and develop social security taking into account the standard analysis of expenditure, the standard price, performance benchmarks and minimum service standards established in accordance with the legislation (Law No.23 / 2014). The obligations of the area contained in the Revenue Budget and Regional Expenditure that are the basis of financial management during the fiscal year commencing from 1 January to 31 December.

Capital expenditures intended to get local government fixed assets, such as equipment, buildings, infrastructure and other fixed assets. Theoretically, there are three ways to acquire the fixed assets i.e. to build, to exchange with other fixed assets and purchase. But the usual way conducted by the government is to purchase. The purchase process is done generally through an auction or tender process is quite complicated.

# **Economic Growth**

Economic growth is a process of increase in total output continuously in the long term. Definition of economic growth in question is regardless of the increase larger or smaller than the rate of population growth, or whether changes in the economic structure apply or not (Sukirno, 1981). The economic growth theory explains the factors that determine economic growth and the process in the long term, an explanation of how these factors interact with one another, causing the growth process (Arsyad, 1999).

Term economic growth is often defined by experts in terms of economic development. Economic development is the efforts to improve the standard of living of a nation are often measured by high and low income per capita, but usually the term of economic growth is used to express the economic development in developed countries and the terms of economic development to state economic development in developing countries. The economy can develop if the state expressed in per capita income showed a tendency to increase in the long term. But by no means the increase continuously. An economy will be able to experience a decline in the level of economic activity in the event of an economic recession, political turmoil and a drop in exports. But if such a situation is only temporary, economic activity increased on average from year to year, so that society can be said to experience economic development.

# Poverty

Poverty, according Kuncoro (2000) is the inability to meet the minimum standard of living. Lower standard of living issues relating to total income slightly (poverty), lack of decent housing, health and poor health care, low education levels of society resulting in lower quality of human resources and unemployment. The level of living standards in a country is measured by several indicators, among others Gross National Product (GNP) per capita, the relative growth of national and per capita income, the distribution of national income, poverty, and social welfare.

According to Todaro (2000), the magnitude of poverty can be measured with or without reference to the poverty line (the poverty line). The concept refers to the so-called poverty line of absolute poverty, while the concept is not based on the measurement of poverty is called a relative poverty line. Absolute poverty is below the poverty level, where the minimum needs for survival cannot be fulfilled. This is a fixed size (unchanged) in the form of a minimum calorie requirement plus the non-food components are also needed to survive. While relative poverty is a measure of inequality in income distribution, can usually be defined in relation to the average level of distribution intended.

Citing the opinion Nurkse, Jhingan (2000) and Kuncoro (2003) states that the country / region where poverty rates are high, generally entangled in what is called the cycle of poverty (vicious circle). Nurkse explained that the cycle of poverty implies a circular row of the forces that interact with each other in a way that puts a country / region the highest poverty levels remain in a state of backwardness. According to Nurkse, poverty is both a cause and consequence.

# Relationship of Capital Expenditures, Poverty, and Human Development

According Mahmudi (2007) in a vicious circle of poverty there exist three main axis that causes a person to be poor, namely (1) the low level of health; (2) low incomes; and (3) low level of education. Low levels of health are one of the causes of poverty due to the low level of public health which will lead to low levels of productivity. Low levels of productivity which further led to low income, and low income leads to poverty. This poverty hereinafter causes a person cannot reach a quality education as well as pay for the maintenance and health care..

Based on this, the one thing that can be done by the government in addressing the problem of poverty is an effort to improve the quality of human resources through improving the quality of human development. In this case, human development was a proxy with HDI or Human Development Index (HDI) which is a composite index to measure the achievement of the quality of human development to be able to live in a more qualified, both from the aspect of health, education and economic aspects. Where HDI is an index of human development in terms of expansion, equity and justice both in the areas of health, education, and welfare of the community.

Government's role here is as a provider of public duty as services in education and health that is not touched by the market because of the failure of the market and in relation to the government's role as role allocation, role distribution and stabilization role.

Human capital (human capital) is one important factor in economic development. With the quality of human capital, economic performance is also believed to be better, in accordance with the said Mubyarto in Mailendra (2009) "Social development is economic development". According to Todaro (1998) human resources of a nation are the most decisive factor of the character and pace of social and economic development of the nation concerned. Public investment in education and health will provide educational opportunities and health services more equitable to the public so that reliable human resources are becoming increasingly healthy. Improved health and education leads to a higher quality of human resources and improvement of labor productivity, which in turn will increase incomes. thus the expected conditions will advance the community's economy by increasing employment opportunities and reduced poverty.

# II. Research Methods

The data used in this study are a secondary data source for a report the Central Bureau of Statistics Central Kalimantan especially data 2004 to 2013. The data examined included the realization of capital expenditure, economic growth, poverty and the Human Development Index. The type of data used is the panel that is combined time series and cross section. Time series data in the period 2004-2013 while the cross section data are 14 districts / cities in Central Kalimantan.

# **Population Research**

Population is the whole subject of research. If someone wants to examine all the elements that exist in the area of research, the research is the study population. Study or research is also called the study population or census (Arikunto, 2002). The population in this research is the county / town in Central Kalimantan, which

includes 14 districts / cities. In this study using the whole object of research drawn from a population that includes 14 districts / cities in Central Kalimantan province.

## **Research Variable and Operational Definition Variable**

Research variables used in this study are the Human Development Index (HDI) as the dependent variable (dependent variable) while the independent variables (independent variable) are the realization of capital spending, economic growth and poverty. The operational definition of the variables used in this study as follows..

The Human Development Index is a composite index that measures the average achievement of a country in three basic terms of human development, namely (1) life expectancy index, as measured by expectancy at birth; (2) The education index, which is measured by the average length of school and the literacy rate of the population aged 15 years and above; (3) The income index, as measured by purchasing power per capita consumption.

Capital expenditure is the expenditure incurred by the government in the framework of the development of infrastructure for the needs of the community are also called development spending in the form of development of physical investment (infrastructure) that have economic value more than a year and resulted in the addition of regional assets.

Poverty can be seen through the population who are economically unable to meet food needs equivalent of 2100 calories and non-food basic needs. In this study, using the percentage of poor people who are below the poverty line in Central Kalimantan province.

#### Panel Data Regression Model Specifications

Based on previous research and framework, the analysis of the data is limited to four variables, the variables of human development (HDI). Realization of capital expenditure areas (lnBM), economic growth (PE), and poverty (TK). In Econometrics, the relationship between capital expenditures, economic growth and the level of poverty on the human development index in the province of Central Kalimantan can be analyzed using the following equation.

Where:

HDI = Human Development Index lnBM = Capital Expenditure (Rupiah) PE = Economic Growth (percent) TK = Poverty Rate (percent)

# **Regression Analysis**

# III. Results And Discussion

Ordinary Least Square method (OLS) is to estimate a regression line by minimizing the sum of squared errors of each observation on the line. The main goal of regression is to estimate a regression function of a population based sample regression function. The accuracy of the sample regression function in assessing the actual value can be measured from the its goodness of fit. Statistically can be measured by the value of t statistics, F statistic values and coefficient of determination. SPSS regression results are presented in Table 4.

#### Table 4: Regression Result

Model Equations	HDI = $\alpha + \beta 1 \ln BM + \beta 2 PE + \beta 3 TK$				
	$HDI = 95,97 + 2,912 \ lnBM + 0,711 \ PE - 0,367 \ TK$			0,367 TK	
t statistic		(12,436)*	(-3,157)*	(4,120)*	(-5,169)*
F statistic	27,92	20*			
F Probability	0,000	C			
R- Square	0,43	7			
DW	0,318	8			
Information: Significant at $\alpha = 5\%$					

# Test of Significance (F Statistic Test)

F test was intended to see whether there is influence together capital spending, economic growth and the level of poverty on the human development index. Based on the results of the regression of the effect of capital expenditure (lnBM), economic growth (PE) and poverty (TK) against the human development index (HDI) in Central Kalimantan Province in 2006-2013 presented in Table 4 obtained an F value of 27.920 with statistics probability 0.000. Results F table with numerator df 3 and denumerator 109 gained 2.68 F table. F count > F table can thus be concluded that the independent variable capital expenditure (lnBM), economic growth (PE), poverty (TK) jointly affects the dependent variable human development index (HDI) district / city in the province of Central Kalimantan years 2006-2013.

# Individual Parameter Significance Test (Statistical test t)

The t statistical test aims to see how much influence each individual independent variables in explaining the variation of the dependent variable. The following table is presented statistical test t influence capital expenditure (lnBM), economic growth (PE), and poverty (TK) against the human development index (HDI) in the province of Central Kalimantan years 2006 to 2013.

Madal	Unstandardize	d Coefficients	t count	Duch	t tabel		
Widdel	В	Std. Error	t count	PIOD.	(a=5%)		
(Constant)	95,974	7,718	12,436	,000	1,658		
lnBM	1,265	,922	-3,157	,002	1,658		
PE	,711	,173	4,120	,000	1,658		
TK	-,357	,069	-5,169	,000	1,658		

 Table 5: Statistical test t

a. Dependent Variable: IPM

Based on Table 5 is known that t to variable capital expenditure (lnBM) of -3.157 with probability 0.000. So it can be concluded that there is a positive effect of capital expenditure towards human development index in the province of Central Kalimantan. T count variable economic growth (PE) of 4.120 and significant at the 5% level indicated by the probability of 0.000. Based on the criteria t count > t table, it was concluded that economic growth is an explanatory variable that is significant to the human development index in the province of Central Kalimantan. While t to the variable level of poverty (TK) of -5.169. Then t count t table, decision making is variable poverty, a significant explanatory to the human development index in the province of Central Kalimantan.

# **Multicollinearity Test**

Multicolinierity test is intended to determine whether there is a perfect interrelation among several independent variables used in the regression equation. In this study to examine whether or not multicollinearity seen from the comparison between the value of the partial regression R2 (auxiliary regression) with major regression R2 values. If the value of the partial regression R2 is greater than the value of R2 primary regression, it can be concluded that in the equation occurs multicollinearity. Here is presented a comparison table with the partial regression R 2 R 2 major regressions.

Persamaan	Partial Regression R <sup>2</sup>	Major Regression R <sup>2</sup>				
lnBM, TK, PE	0.005	0.437				
PE, lnBM, TK	0.196	0.437				
TK, lnBM, PE	0.196	0.437				

 Table 6: Comparison of Partial Regression R<sup>2</sup> and Major Regression R<sup>2</sup>

Based on Table 6, value comparison of Regression Partial  $R^2$  and Major Regression  $R^2$  is known that the overall value equation between the independent variable is smaller than the value of the primary regression... Then it can be decided that the model is free from multicollinearity.

# **Heteroskedasticy Test**

Heteroskedasticity test aims to test whether the regression model occurred inequality residual variance of the observations to other observations. If the variance of the residuals of the observations to other observations remained, then it's called homoscedasticity and if different is called heteroscedasticity. A good regression model is homoscedasticity or heteroscedasticity is not happening. The following tables show the results of tests Park resume as a determinant of whether there is heteroscedasticity in the regression model. Heteroscedasticity test can be done with a Park Test. The following tables show the results of tests Park resume as a determinant of whether there is heteroscedasticity in the regression model.

Table 7: Resume of Park Test Result						
Independent Variable	t-Statistic	Probability				
(Constant)	4,061	0,00				
PE	0,389	1,23				
TK	-0,238	1,85				
lnBM	0,247	1,01				

Based on Table 7 above it is known that the independent variables for the probability value is not significant with 5% alpha. In accordance with the provision that if the probability value above alpha 5%, then the model is free from heteroscedasticity. It can be concluded that the model used is free from heteroscedasticity problem.

# **Autocorrelation Test**

The autocorrelation test aims to test the presence or absence of errors in certain periods bully with an error in the previous period in the regression model. The decision to make sure that there was no autocorrelation was using Durbin Watson Test. Based on the Durbin Watson test it is known that a DW value of 0.318 with a number of independent variables (k = 3) and n = 112, the obtained value DL = 1.613 and DU = 1.736 then (4-DL) =2, 387 and (4-DU) = 2,264. If the value DW = 0.318 occurs, then the decision is a positive autocorrelation in the model. It can be seen in Figure 1 below.

In Figure 1 above in mind that the value lies in the region DL > DW where the area is a region with positive autocorrelation results so that it can be said that the model of the Durbin Watson test positive autocorrelation occurs. The occurrence of autocorrelation problems does not need to worry because it is essentially a panel data combined data of time series and cross section so that the panel data actually be one way to cure the problems of the classical assumption test According to Ajija (2011) is based on the theory proposed by Gujarati and Verbeek mentioned several advantages of panel data, one of which is a panel data to minimize bias that may be caused by aggregation of individual data, panel data is able to control the heterogeneity of individuals that can be used to test and build behavioral model complex. With these advantages can be the basis that the autocorrelation problems that occur in panel data has been resolved.

Figure 1: The reception area on the Durbhi Watson test						
•	▶ ← →	← →	<b>←</b> →	<b>←</b> →		
There is a positive Autocorrelation reject Ho	Doubt Area	Receive Ho without Autocorrelation	Doubt Area	Ho rejected the Evidence Autocorrelation Negative		
DW=0.318						
0	DL(1.613)	DU(1.736) 4-DU	U(2.264) 4-I	DL(2.387) 4		

Figure 1:	The rece	ption a	area on	the Durbin	Watson	test
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# Effects of Capital Expenditure to Human Development Index

Based on the analysis results can be explained that the variable capital expenditure positively and significantly with positive elasisitas amounted to 2.219 on the Human Development Index in Central Kalimantan Province in 2006-2013. This shows that when the ratio of capital expenditure by the government increased by 1%, it will improve the Human Development Index in the province of Central Kalimantan for 2.219. These results are consistent with the research hypothesis which states there is the influence of capital expenditure on the Human Development Index in Central Kalimantan during the years 2006-2013.

The relationship between capital expenditure by the Human Development Index can be seen in the government's policy to improve human resources. Through capital expenditure, local governments can develop their infrastructure in the form of quality educational facilities. The policy of the local government to improve the quality of human resources, both in terms of quality and quantity. In terms of quality human resources that Central Kalimantan capable and easy entry employment, is also the development efforts of the nation's character and behavior.

## Effect of Economic Growth on Human Development Index

Based on the analysis results can be explained that the variability of economic growth positively and significantly with positive elasticity of 0.711 to the Human Development Index in Central Kalimantan Province in 2006-2013. This suggests that when economic growth rose 1%, it will improve the Human Development Index in the province of Central Kalimantan for 0.711. These results are consistent with the research hypothesis which states that there is the influence of economic growth of the Human Development Index in Central Kalimantan during the years 2006-2013.

The results of this study are also consistent with the theory proposed runway Kuznets (Todaro, 1997) that where one of the characteristics of modern economic growth is the high growth in output per capita. Output growth is meant GDP per capita, highest output growth to make changes in consumption patterns in fulfillment. It means increasing economic growth, the higher the per capita output growth and changing consumption patterns in this case the people's purchasing power will also be high. Higher purchasing power will improve the Human Development Index for purchasing power is one of the composite indicators in the calculation of the HDI is referred to as an indicator of income. It can be concluded that the higher economic growth, it will improve the Human Development Index.

#### **Poverty Effect of On Human Development Index**

Based on the analysis of poverty variables can be explained that the significant negative effect of 0.367 on the Human Development Index in Central Kalimantan Province in 2006-2013. This suggests that if the poverty ratio decreased by 1%, it will improve the Human Development Index of 0.367. These results are consistent with the research hypothesis which states that there is the influence of poverty on the Human Development Index in Central Kalimantan during the years 2006-2013.

The results are consistent with previous studies conducted by Ginting, et al (2008) results showed poverty negatively affect the Human Development Index. Research conducted by Suradi (2007) states that poverty is closely related and also determine the development process that emphasizes community participation. The development paradigm has shifted from the state to the dominant role of the public role cannot be realized if the number of poor people is still quite significant. This is because in general, poor people spend more energy and time available for basic needs. They are not interested to engage in activities that are not directly related to the fulfillment of basic needs. The results of these studies make it clear that the higher the population of poor people will reduce the level of human development; because of the poor have low purchasing power.

# **IV.** Conclusions And Recommendations

Regression analysis with panel data to analyze the effects of capital spending, economic growth and poverty on the Human Development Index in Central Kalimantan during the years 2006-2013 showed that capital expenditures incurred by local governments and significant positive effect on alpha 5% to the Human Development Index. This means that the higher capital expenditure incurred, it will improve the Human Development Index. The results also show that economic growth is positive and significant at alpha 5% of the Human Development Index. This means increasing economic growth, it will improve the Human Development Index.

# V. Suggestion

Based on the above conclusions, the advice can be given is that the Government of the districts / cities is advised to increase the HDI through education, the financing of early childhood education, 9-year compulsory education, improve the quality of teachers and education personnel, development of reading culture and library development. The field of health through poor health services, procurement, enhancement and improvement of health infrastructure and the improvement of reproductive health of adolescents. In addition, coordination among stakeholders and institutions in stages from the provincial level down to the district / city and sub-district should be optimized to avoid overlapping or poverty reduction targets missed.

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