

The Effect of Government Expenditures and the Level of Labor Force Participation on Inequality of Income Distribution in Indonesia

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Abstract. The purpose of this study is to determine the effect of government spending and the level of labor force participation on income inequality in provinces in Indonesia during the 2015-2019 period. This type of research is quantitative research. The data used is secondary data from 34 provinces in Indonesia for the 2015-2019 period. The data were processed using panel data analysis with a random effect model. The results show that government spending has a positive and significant effect on inequality in income distribution, while the level of labor force participation has a positive and insignificant effect on inequality in income distribution.

Keywords: Government spending, labor force participation, distribution inequality