

RESOURCES CURSE: DOES THIS TAKE IN INDONESIA?

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ABSTRACT

Another empirical data states that the per capita income of poor natural resources countries grows two to three times faster than per capita income from resource-abundant countries. The purpose of this study is to find out whether the resource curse phenomenon occurs in the regional economy in Indonesia, ascertain whether the areas that have increased growth lead to Dutch Disease, and know how institutional progress is in Indonesia. The data used in this study is the year 2011-2015. The data can be obtained from BPS. This study uses econometric approach in estimating the parameters obtained in achieving the objectives. The unit of analysis used in this study is the provincial level of all provinces in Indonesia. The results showed that in the interval studied Resources Curse occurs mainly from the agricultural sector. Revenue in natural resources is not proven to suppress growth in the industrial sector even the results obtained that the natural resources sector proved to positively affect the increase in income in the industrial sector thus the Dutch Disease phenomenon during the period 2011-2015 did not happen. The government institution shows a good enough role in encouraging the people's welfare that comes from the income of natural resources is shown from the positive result of moderation from government expenditure to natural resources income in improving people's prosperity.

Kata Kunci: *resource curse, abundant natural resources, Dutch Disease*