UDC 332

THE EFFECT OF GOVERNMENT EXPENDITURES IN HEALTH, EDUCATION AND INFRASTRUCTURE ON ECONOMIC GROWTH AND POVERTY IN THE DISTRICT/CITY OF BALI PROVINCE, INDONESIA

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ABSTRACT

This study aims to seek the empirical evidence of relationship between government expenditures and growth and poverty in Bali. Data collection was carried out through a literature study by collecting data contained in the Central Statistics Agency of Bali Province and the Directorate General of Fiscal Balance, while the analytical method used was panel data analysis. The results of this research, it was found that government spending in the health sector had an insignificant effect on economic growth. Government spending on education and infrastructure has significant effect on economic growth. Government spending on health and infrastructure has significant effect on poverty. Education expenditure has a significant effect on poverty. Economic growth has significant effect on poverty. Furthermore, government spending on health and education has no indirect effect on poverty with economic growth as a mediating variable. Government spending on infrastructure has an indirect effect on poverty with economic growth as a mediating variable.

KEY WORDS

Government expenditure, economic growth, poverty.

Extreme poverty is a serious problem that occurs in developing countries. Poverty is often understood or defined as a very simple understanding, namely as a condition where the individual or society lacks money, low levels of income and the basic needs of daily life are not fulfilled. The most common definition of poverty is based on income or consumption. Poverty is also defined as a lack of basic necessities of life and opportunities for development (Omari and Muturi 2016). Poverty is also defined as the inability to follow standards that are common in a particular society (Maxwell, 1999).

Poverty is one of the urgent problems that is complex in terms of both the causes and the impacts (Windia, 2015). Development programs in a country so far have also always paid great attention to poverty alleviation efforts because basically the development programs carried out aim to improve people's welfare (BPS Province of Bali, 2020).

Table 1 – Poor Population in Bali Province by Regency/City in 2011-2020 (In Percentage)

Regency/City	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	6,56	5,74	5,56	5,83	5,84	5,33	5,38	5,20	4,88	4,51
Tabanan	5,62	4,90	5,21	5,61	5,25	5,00	4,92	4,46	4,21	4,27
Badung	2,62	2,16	2,46	2,54	2,33	2,06	2,06	1,98	1,78	2,02
Gianyar	5,40	4,69	4,27	4,57	4,61	4,44	4,46	4,19	3,88	4,08
Klungkung	6,10	5,37	7,01	7,01	6,91	6,35	6,29	5,86	5,40	4,87
Bangli	5,16	4,52	5,45	5,86	5,73	5,22	5,23	4,89	4,44	4,19
Karangasem	6,43	5,63	6,88	7,30	7,44	6,61	6,55	6,28	6,25	5,91
Buleleng	5,93	5,19	6,31	6,79	6,74	5,79	5,74	5,36	5,19	5,32
Denpasar	1,79	1,52	2,07	2,21	2,39	2,15	2,27	2,24	2,10	2,14
Bali Province	4,59	3,95	4,49	4,76	4,74	4.25	4,74	4,01	3,79	3,78

Source: Central Bureau of Statistics (BPS) Denpasar City, 2020.

Moving on to Table 1, it states that the percentage of poor people as seen from 2011-2020 Regency/City in Bali Province has fluctuated and tends to increase in 2020. Karangasem Regency has a percentage of poor people in 2020 which tends to increase

compared to other districts, which is 5 ,91 percent because the district has a fairly dense population distribution and their lack of access to self-development and public access to achieve income for their daily lives. Badung Regency has a percentage of poor people in 2020 which tends to increase but is not high at 2.02 percent and in Bali Province in 2020 the percentage of poor people decreases by 3.78 percent from 3.79 in 2019.

The poverty rate in Indonesia, especially in the Regency/City of the Province of Bali is strongly influenced by economic growth. Economic growth greatly affects how high and how low the poverty rate is. The sources of economic growth in Indonesia include human resources, natural resources, investment, consumption, capital, socio-culture and technology. Economic growth in Indonesia is currently heavily influenced by investment, especially government policies that focus on investment activities. However, the main focus of supporting the most dominant economic growth in Indonesia according to BPS data to date is in the fields of education and health. This is because education and health are the main components in efforts to improve the quality of human resources. This aims to increase the productivity and competitiveness of the nation so that it can immediately increase economic growth in Indonesia. Moving on to the economic growth in each Regency/City in the Province of Bali, it is presented in the following table.

Table 2 – Bali Province Economic GRDP Growth by Regency/City in 2011-2020 (In Percent)

Regency/City	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	5,89	6,11	5,69	6,05	6,23	5,95	5,31	5,59	5,56	-4,96
Tabanan	6,11	6,12	6,45	6,53	6,24	6,12	5,38	5,71	5,59	-6,14
Badung	7,07	7,64	6,82	6,98	6,27	6,79	6,11	6,73	5,81	-16,52
Gianyar	7,15	7,08	6,82	6,80	6,34	6,30	5,50	6,01	5,61	-8,38
Klungkung	6,11	6,25	6,05	5,98	6,10	6,26	5,34	5,48	5,42	-6,35
Bangli	6,14	6,20	5,94	5,83	6,21	6,23	5,35	5,48	5,46	-4,10
Karangasem	5,43	5,93	6,16	6,01	6,00	5,92	6,08	5,44	5,50	-4,45
Buleleng	6,44	6,78	7,15	6,96	6,11	6,01	5,40	5,60	5,53	-5,76
Denpasar	7,16	7,51	6,96	7,00	6,18	6,50	6,08	6,42	5,82	-9,42
Bali Province	6,66	6,96	6,69	6,73	6,03	6,33	5,56	6,31	5,60	-9,31

Source: Central Bureau of Statistics (BPS) Denpasar City, 2020.

Moving on to Table 2, it can be seen the growth of economic GRDP in each Regency/City in the Province of Bali. Whereas economic GRDP growth in all regencies/cities in Bali Province from 2011-2020 tends to decline, even more so in 2020 due to the spread of Corona Virus Disease 2019 (COVID-19). Badung Regency is a district with an economic GRDP growth that experiences a greater minus in Bali Province in 2020, namely -16.52 percent and a district that experiences a lower minus is Bangli Regency with an economic GRDP growth of -4.10 percent. GRDP growth in Bali Province in 2020 is -9.31 percent. Even though the economic GRDP growth in Bali Province has decreased, the Bali Provincial Government is currently still focusing on increasing economic GRDP growth in order to reduce inequality in the number of poor people in regencies/cities in Bali Province. The development target does not only end with high economic GRDP growth, but also quality economic growth by taking into account income distribution and alleviating poverty and unemployment (Prasetyo, 2008).

Basically the problems of poverty in Indonesia, especially in the Regency / City of Bali Province are most often triggered by the lack of skills (hard skills) possessed by the community, especially with the addition of increasingly rapid technological developments causing people to find it difficult to adjust to developments in the 4.0 era (four points). zeros). In this case, the community is required to have skills from a young age, especially if the young population will mobilize or move from the village to the city to get a job. Besides that, poverty in the Regency/City of Bali Province is also influenced by several complex things according to Bappenas, namely (1) Health, (2) Education, and (3) Infrastructure (Bappenas, 2021:42). These three things are interrelated with the problem of poverty and also economic growth in the Regency/City of the Province of Bali.

Moreover, Indonesia, especially in Bali Province, is also hit by the problem of the COVID-19 Pandemic which can be said to be an unpredictable cause that affects the inequality in the rate of economic growth in districts/cities in Bali Province in recent years. The COVID-19 pandemic has caused economic growth in the Bali Province to tend to decline, causing delays in all aspects of life, especially the economic aspect and also greatly affects the poverty level in the Regency/City of Bali Province.

Health is one of the causes of poverty. This is because health has a direct influence on people's productivity. In this case, public health is highly prioritized by the Regency/City Government of Bali Province in its efforts to improve people's living standards as well as efforts to alleviate poverty and increase economic growth.

Table 3 – Average Government Budget in Health Sector in Bali Province by Regency/City 2011-2020 (in million rupiah)

Regency/City	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	100,376	101,621	109,850	144,326	102,57	151,436	413,806	283,952	276,112	291,136
Tabanan	147,866	161,699	217,907	201,384	219,63	276,916	362,705	377,4	435,746	508,403
Badung	182,296	270,634	319,492	299,661	373,22	390,326	562,017	646,898	817,766	1,231,715
Gianyar	109,439	153,581	181,890	179,239	181,24	228,378	288,559	325,928	421,531	538,035
Klungkung	65,978	75,463	110,119	113,791	141,72	179,152	208,248	244,469	262,657	463,191
Bangli	86,785	73,717	98,475	115,092	124,59	163,965	180,981	377,14	216,073	285,854
Karangasem	85,435	91,412	137,491	146,780	127,25	192,006	240,482	227,679	280,157	593,169
Buleleng	124,587	168,092	211,460	192,979	268,83	350,993	382,689	366,297	423,75	665,478
Denpasar	139,844	189,487	222,530	248,970	225,43	285,071	283,37	312,391	334,818	552,200
Provinsi Bali	345,143	332,021	360,539	451,477	49,434	4,232	507,839	399,671	561,046	1,397,525

Source: PPID Ministry of Finance, Budget per Function 2011-2020.

Moving on to Table 3, government spending in the health sector in the districts/cities of Bali Province tends to increase in 2020. Badung Regency has the highest health expenditure, which is Rp.1,231,715 million rupiah in 2020 and Bangli Regency has government expenditure in the health sector. the lowest is Rp. 285.854 million rupiah, but in 2020 this tends to increase compared to 2019 which was Rp.216,073 million rupiah. It can be said that the current health budget is still a priority for local governments.

Public health costs a lot of money in the process of services, facilities and infrastructure. For example, the cost for medical treatment is expensive so that people cannot afford it. This automatically affects the health of the people as workers on their productivity. This problem is characterized by when someone is sick, it will be difficult to move and reduce their working time and will automatically affect their income. When the community is healthy, the productivity level of the community will automatically increase so that they can work optimally to meet their life needs.

Apart from health, another factor that also influences the poverty rate is education. Low levels of education prevent a person from getting a job. This is because in a workplace environment such as one company, apart from applying certain criteria, the company also looks at standardization based on a person's education level before being accepted for work. Education today is a very important requirement, especially in increasing competitiveness in the world of work. Moreover, competitiveness against the international world is increasing rapidly, so efforts are needed to improve public education.

The government in the Regency/City of the Province of Bali continues to strive for poverty alleviation by optimizing the education budget so that it can provide benefits for the community in the future in looking for work, in other words getting a job with decent and appropriate educational qualifications.

Moving on to Table 4, the budget for education in 2011-2020 has fluctuated. In 2020 the expenditure budget in Badung Regency tends to decrease by Rp. 1,129,163 million rupiah compared to 2019 which was Rp. 1,252,546 million rupiah. The education expenditure budget in Denpasar City tends to increase in 2020, which is Rp. 583.874 million rupiah compared to 2019 which is Rp. 511.86 million rupiah.

Table 4 – Government Budget for Education in Bali Province by Regency/City 2011-2020
(in million rupiah)

Regency/City	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	124,433	143,964	155,621	178,915	308,83	326,725	551,919	284,855	260,969	243,254
Tabanan	400,561	441,540	362,305	525,079	588,11	735,848	514,618	511,829	492,544	366,389
Badung	343,236	509,563	601,556	683,094	690,67	858,32	767,281	1,640,160	1,252,546	1,129,163
Gianyar	370,263	288,608	341,807	542,998	562,16	534,816	472,327	497,515	623,639	543,958
Klungkung	122,411	235,885	180,816	292,643	324,59	358,287	285,23	301,236	292,932	494,220
Bangli	143,071	207,489	162,342	189,736	325,72	356,954	279,462	266,848	269,858	256,183
Karangasem	387,869	422,194	402,857	488,924	552,98	882,041	576,134	577,511	582,337	303,984
Buleleng	527,151	388,765	489,069	723,398	813,63	89,.627	703,685	688,7	707,42	441,468
Denpasar	376,236	317,326	362,305	512,974	678,31	678,308	427,063	486,866	511,86	583,874
Bali Province	502,681	708,804	769,684	216,557	97,736,	3,080,129	1,836,536,	1,850,030,	1,864,57	548,429

Source: PPID Ministry of Finance, Budget Per Function 2011-2020.

Efforts to reduce poverty and increase economic growth basically have to start with optimizing public education. Besides the need to strengthen policies related to compulsory education, it is also necessary to have a good and optimal education system that always provides excellent opportunities for the community to receive proper education for a better future. Considering the current level of education is very important as a mandatory qualification standard to get a job. This is because education is an investment that will always have an impact in the future and education is the basic capital in economic growth in the country and nation development (Mongan, 2019).

Apart from optimizing the health and education sectors, it is also necessary to improve the quality of supporting human resources, one of which is infrastructure. The availability of infrastructure functions as a support for investment in human resources, which in this case supports community activities in a country. The Regency/City Government of Bali Province also optimizes infrastructure to support people's lives in poverty alleviation efforts.

Table 5 – Government Budget in Infrastructure Sector in Bali Province by Regency/City 2011-2020
(in million rupiah)

Regency/City	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	58,155	63,850	69,021	83,618	8,99	3,687	181,135	15,.623	104,119	141,737
Tabanan	44,238	108,336	121,157	125,884	24,313	4,98	260,456	206.707	178,951	286,265
Badung	263,410	391,055	461,654	832,771	11,.33	17,472	1,068,544	695,783	406,325	646,994
Gianyar	52,125	97,308	115,244	151,963	20,053	31,441	348,23	232,998	208.035	658,793
Klungkung	92,231	63,061	60,768	46,424	17,704	12,115	108,735	65,611	80,344	234,913
Bangli	76,697	88,700	87,028	101,714	35,657	36,049	107,705	118.899	146,863	79,764
Karangasem	68,335	56,588	86,547	116,618	19,473	18.674	15,.699	123.322	143,254	199,701
Buleleng	65,389	84,110	105,811	139,650	2,.992	20.143	204,471	150.049	17,.621	277,110
Denpasar	64,143	124,872	146,647	142,355	31.697	47.419	232,165	274,598	273,804	844,093
Bali Province	263,694	248,054	269,359	348,872	63,131	1,693	404,119	361,684	369,714	705,281

Source: PPID Ministry of Finance, Budget per Function 2011-2020.

Moving on from the table, it can be seen that the government's budget for infrastructure has fluctuated but tends to increase. In 2020, Denpasar City has the highest expenditure budget of Rp. 844,093 million rupiah and Bangli Regency has the lowest expenditure budget of Rp.79,764 compared to 2019 which was Rp.146.863 million rupiah.

The district/city government budget for the province of Bali is used to make it easier for the public to access public services, such as coming to health facilities when sick or going to school to study. The lack of infrastructure development indicates an obstacle to a country's economic growth and will indirectly affect the poverty level of a country. The availability of proper and adequate infrastructure will improve the quality of life of the community.

The availability of proper infrastructure can support community mobility to make it easier and minimize the time when interacting with other areas and in the end will be able to increase the productivity of the community. A well-integrated infrastructure network will optimize the distribution of economic activities and in the long term will be able to become a medium for equitable development in a country.

Munawaroh (2003) in Winarti (2014) said that, human resource development is related to a number of funds issued in the present (when development is carried out). The payoff is higher income levels and achieving higher consumption levels in the future. In other words, there is a strong relationship between the economy and its impact on human development, and vice versa as a result of improving human quality in the long term will make the economy increase. The government as the implementer of development also needs quality human beings as the basic capital for development. So in this case, various facilities and infrastructure are needed to encourage the role of humans in development, one of which is through the budget issued to finance development. The government is an economic actor that plays a role in fiscal policy instruments. So through this, it means that the government has a role in determining the amount of financing/expenditure that is considered appropriate to produce quality human resources (Badrudin, 2011).

That the three factors mentioned above affect the level of poverty and economic growth in the Regency/City of the Province of Bali. This makes the government in the districts/cities of Bali Province seeking to reduce the increase in the percentage of poor people and increase economic growth with various policies. The policy is to increase government spending. Government spending is an important instrument of fiscal policy which is expected to encourage economic growth in a region (Ahmad Maaruf and Latri, 2008).

The output of the policy can be seen in the construction and renewal of health facilities such as health centers and hospitals, the construction and renewal of educational facilities such as schools and campuses, as well as the construction and renewal of infrastructure such as housing and significant public facilities in order to support community activities so that it is expected to be able to resolve poverty and increase economic growth in districts/cities in Bali Province.

According to Boediono (2017), fiscal policy needs to prioritize two groups of programs to be financially adequate and ensure sustainability. The two groups are human resource development and infrastructure development. Human resource development is considered as one of the permanent solutions to overcome inequality. Human resource development can be done through government spending that is used to finance important public sectors, including financing for the health, education and infrastructure sectors which are expected to have an effect on improving the quality of human resources.

Based on previous research and the theory that has been described, the following hypothesis formulation can be proposed: H1: Government spending on health, education and infrastructure has a positive effect on economic growth in districts/cities in Bali Province; H2: Government spending on health, education, infrastructure and economic growth has a negative effect on poverty in districts/cities in the province of Bali; H3: Economic growth as a variable mediating the effect of government spending on health, education, infrastructure on poverty in districts/cities in Bali province.

METHODS OF RESEARCH

This research is quantitative and associative with a causal relationship. The location of the research was carried out in the Regency/City of the Province of Bali using data released by the Central Statistics Agency and the Directorate General of the Ministry of Finance of the Republic of Indonesia. This location was chosen because Bali Province still has problems related to economic growth and poverty alleviation. This study uses one dependent variable and three independent variables. The endogenous variable in this study is poverty (Y2). The exogenous variables in this study are Government Expenditures on Health (X1), and Government Expenditures on Education (X2), and Government Expenditures on Infrastructure (X3). The intervening variable in this study is Economic Growth (Y1).

The data collection method used in this study was carried out by observation and literature study. The analysis technique used is panel data regression model analysis. The structural equations in this study are as follows:

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_1 \qquad (1)$$
$$Y_2 = \beta_3 X_1 + \beta_4 X_2 + \beta_5 X_3 + \beta_6 Y_1 + e_2 \qquad (2)$$

Where:

Y_1 = Economic growth;

Y_2 = Poverty;

X_1 = Government Expenditure on Health;

X_2 = Government Expenditure on Education;

X_3 = Government Expenditure on Infrastructure;

$\beta_1 \ldots \beta_6$ = regression coefficient for each variable X;

e_1, e_2 = error.

RESULTS AND DISCUSSION

Based on the results of the Chow test in Table 6, the chi-square cross-section probability value is 0.000 > 0.05, meaning that H_0 is rejected and H_1 is accepted, so this study uses a fixed effect model.

Table 6 – Chow Test Results

Effects Test	Statistic	d.f	Prob.
Cross-section Chi-square	37.972	8	0.000

Source: Data processed, 2022.

Table 7 – Hausman Test Results

Test Summary	Chi-Sq. Statistic	ChiSq.d.f	Prob.
Cross-section random	11.678	4	0.019

Source: Data processed, 2022.

Based on the Hausman test results in Table 7, it is known that the random cross section probability value is 0.0199 <0.05, meaning that H_0 is rejected and H_1 is accepted, so the fixed effect model is used. The purpose of panel data analysis is to determine whether the model used adheres to common effects, fixed effects and random effects. The selection of the right model is done by performing the test criteria contained in the three models, the first being the Chow test and the Hausman test. The Chow test was conducted to test between the common effects and fixed effects models, while the Hausman test was conducted to test whether the data were analyzed using fixed effects and random effects, the test was carried out using Eviews12. The guidelines that will be used in drawing conclusions from the Chow test are as follows: If the results of the specification test show a Chi-square probability of more than 0.05, the model chosen is the common effect. On the other hand, if the Chi-square probability is less than 0.05, the model that should be used is the fixed effect, followed by the Hausman test to choose whether to use a fixed effect or random effect model. Furthermore, to perform the Hausman Test, the data is also regressed with a random effect model, and then compared between fixed effects and random effects by making a hypothesis. The guidelines that will be used in drawing conclusions from the Hausman test are as follows: If the probability value of a random cross-section is more than 0.05, the model chosen is a random effect. On the other hand, if the probability of a random cross-section is less than 0.05, the model that should be used is the fixed effect (Rai Narka, 2019).

This study uses a fixed effect model because in the Chow test the Chi-square probability is 0.000 < 0.05 and in the Hausman test the random cross-section probability is 0.019 < 0.05 then in the model validity check, based on the calculation of the total coefficient of determination R2m in the fixed effect model is 0.75 that the diversity of data that can be explained by the model is 75 percent or in other words the information contained in the data

is 75 percent can be explained by the model, while the remaining 25 percent is explained by other variables that are not contained in the model.

Table 8 – Regression-ITest Results

Variable	Coefficient	Std. Error	Standardized Beta	t-Statistic	Prob.
C	22.038	4.494	3.804	4.902	0.000
X1	0.158	0.124	0.769	1.276	0.205
X2	-0.283	0.136	- 0,146	-2.072	0.041
X3	-1.195	0.359	-0,165	-3.326	0.001

Source: Data processed, 2022.

Based on the results of the regression of the effect of government spending on health, education and infrastructure on economic growth in table 8, the following structural equation can be drawn.
Structural Equation- I:

$$\widehat{Y}_1 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$
$$\widehat{Y}_1 = 0.769\ X_1 - 0{,}146 X_2 - 0{,}165 X_3$$

Table 9 – Regression-II Test Results

Variable	Coefficient	Std. Error	Standardized Beta	t-Statistic	Prob.
C	3.305	1.163	14.780	2.843	0.005
X1	0.083	0.028	00.88	2.914	0.004
X2	-0.077	0.031	-0.094	-2.436	0.019
X3	0.285	0.086	0.953	3.288	0.001
Y1	-0.148	0.026	-0.149	-5.813	0.000

Source: Data processed, 2022.

Based on the test results in Table 9, the coefficient value of government spending in the fields of health, education, and infrastructure on economic growth and poverty, structural equation II can be obtained as follows. Structural Equation II

$$\widehat{Y}_2 = \beta_4 X_1 + \beta_5 X_2 + \beta_6 X_3 + \beta_7 Y_1$$
$$\widehat{Y}_1 = 0.088 X_1 - 0.094 X_2 + 0.963 X_3 - 0.149 Y_1$$

Based on Table 10, it can be seen that government spending in the health sector has no significant effect on economic growth in the districts/cities of Bali Province with a probability value of 0.205. This means that if government spending in the health sector increases by one million rupiah, then the average economic growth in each district/city is increasing with an increase of 0.769. When government spending increases in the health sector, this results in the occurrence of a condition or problem related to the health of the population in the region. Problems in the health sector make the government pay extra, especially health subsidies. The more spending that is too focused on the health sector, it will be able to reduce the economic growth of a region. This is due to the large expenditure deficit in the health sector. So it can be concluded that when many people experience health problems or are not healthy, then productive activities will decrease to support regional economic progress. This research is in line with (Sangsoko, 2019) which states that there is a positive influence between the variables of government spending in the health sector on economic growth.

Government spending on education has a significant effect on economic growth with a probability value of 0.019. This means that government spending on education increases by one million rupiah, so the average economic growth in each district/city will decrease by -0.146. This happens because government spending on education is like an investment that cannot directly contribute to economic growth in Indonesia, especially in the districts/cities of Bali Province. As stated by Adi Widodo (2010) in his research that government spending on

the public sector, in this case education, cannot stand alone as an independent variable. The government expenditure variable must interact with other variables.

Table 10 – Direct Effects of Research Variables

Regression	Coefficient	Std Error	Standardized Beta	T-statistic	Prob.	Information
$X_1 \rightarrow Y_1$	0.158	0.123	0.769	1.277	0.205	Not significant
$X_2 \rightarrow Y_1$	-0.283	0.137	-0,146	-2.072	0.019	Not significant
$X_3 \rightarrow Y_1$	-1.195	0.359	-0,165	-3.327	0.002	Not significant
$X_1 \rightarrow Y_2$	0.082	0.029	0.088	2.914	0.004	Not significant
$X_2 \rightarrow Y_2$	-0.078	0.031	-0.094	-2.437	0.018	Significant
$X_3 \rightarrow Y_2$	0.285	0.087	0,953	3.288	0.001	Not significant
$Y_1 \rightarrow Y_2$	-0.149	0.025	-1.149	2.843	0.000	Significant

Source: Data processed, 2022.

Government spending in infrastructure has a significant effect on economic growth with a probability value of 0.002. This means that government spending in infrastructure increases by one million rupiah, so the average economic growth in each district/city will decrease by -0.165. This indicates that the provision of infrastructure is needed to support the regional/country development process and plays an important role in increasing economic growth. At the macro level, the availability of infrastructure affects the marginal productivity of private capital, while in the microeconomic context it affects the reduction of production costs. On the other hand, the allocation of government spending for infrastructure plays a strategic role in increasing competitiveness, encouraging economic growth, and improving people's welfare (Wahyudi, 2020).

When government spending increases and only focuses on infrastructure, it will have an impact on decreasing economic growth of a region. But if government spending decreases in infrastructure, this can increase economic growth. This indicates that the infrastructure that has been built by the previous government has been used for the long term and provides benefits to the community.

Government spending in the health sector has a significant effect on poverty with a probability value of 0.004. This means that government spending in the health sector increases by one million rupiah, so the average poverty in each district/city will increase by 0.089. The effect of health spending on poverty or can increase poverty is the same as research by Abdelhak and Jamalludin (2012). Abdelhak and Jamalludin (2012) examined the effects of health protection and poverty reduction programs in four Southeast Asian countries; Vietnam, Indonesia, Thailand and the Philippines. The results of the study concluded that in Indonesia, the Philippines, and Vietnam, health protection had no effect on poverty levels. The situation in Vietnam where health spending is not able to reduce poverty levels. Health spending is not able to reduce the number of poverty in Vietnam due to regional and income inequality in Vietnam.

Government spending on education has a significant effect on poverty with a probability value of 0.001. This means that government spending on education increases by one million rupiah, so on average poverty in each district/city will decrease by -0.094. This study is in line with research conducted by Jung, et.al (2009) and Anderson (2009) which states that government spending plays an important role in poverty alleviation. Poverty alleviation requires appropriate and targeted policies towards areas where poverty levels are still high.

Government spending on infrastructure has a significant effect on poverty with a probability value of 0.001. This means that government spending on infrastructure increases by one million rupiah; so on average poverty in each district/city will increase by 0.953. This study is in line with research by Augustin (2010) which states that local government spending on infrastructure, social welfare and employment can reduce poverty. Infrastructure has a high positive external nature, because the availability of infrastructure will greatly affect the dynamics of development and development of the economic sector, increase regional productivity, and improve the improvement of people's living standards in

the long term. Infrastructure is a determinant of the smoothness and acceleration of development. Economic growth has a significant effect on poverty with a probability value of 0.000. This means that economic growth increases every one percent, so the average poverty in each district/city will decrease by -0.149. This is supported by research by Jonaidi (2012), Sinegar and Wahyuniarti (2006) and Balisacan et.al (2003) which state that poverty has a negative impact on economic growth, which means that decreasing poverty causes economic growth to increase and vice versa.

Table 11 – Indirect Effect of Research Variables

Relationship between variables	Mediation Variables	Sab	Z	Information
$X_1 Y_2$ ⟶	Y_1	0,019	-1,25	Not significant
$X_2 Y_2$ ⟶	Y_1	0,022	1,92	Not significant
$X_3 Y_2$ ⟶	Y_1	0,061	2,89	Significant

Source: Data processed, 2022.

Based on Table 11, it shows that the indirect effect of government spending on health (X_1) on poverty (Y_2) through economic growth (Y_1) has a calculated Z value of -1.25 < 1.96, then H_0 is accepted and H_1 rejected, which means that government spending on health has no indirect effect on poverty. The effect of government spending on education (X_2) on poverty (Y_2) through economic growth (Y_1) has a Z count of 1.92 < 1.96, then H_0 is accepted and H_1 is rejected, which means that government spending in education is not indirect effect on poverty. The effect of government spending on infrastructure (X_3) on poverty (Y_2) through economic growth (Y_1) has a Z count of 2.89 > 1.96, then H_0 is accepted and H_1 is rejected, which means that government spending in infrastructure has an effect indirectly to poverty (Y_2) through economic growth (Y_1).

CONCLUSION

Based on the results of the analysis described in the previous chapter, the following conclusions can be drawn. Government spending in the health sector has an insignificant effect on economic growth, government spending in education has an insignificant effect on economic growth and government spending on infrastructure has an insignificant effect on economic growth in the districts/cities of Bali Province. Government spending in the health sector has an insignificant effect on poverty, government spending in education has a significant effect on poverty, government spending on infrastructure has an insignificant effect on poverty and economic growth has a negative and significant effect on poverty in districts/cities of Bali Province. Government spending in the health sector has no indirect effect on poverty through economic growth, government spending in education has no indirect effect on poverty through economic growth and government spending in infrastructure has an indirect effect on poverty through economic growth, so economic growth is a variable mediation or intervening only for government spending in infrastructure. Based on the results of the analysis described in the previous chapter, the following conclusions can be drawn relating to government spending in the health, education and infrastructure sectors, it is hoped that the government will be able to allocate the available budget in each region to provide supporting facilities and infrastructure in the health sector, education and infrastructure in each district/city area evenly so that every level of society is able to get access to health, education and infrastructure so that it can spur increased economic growth and minimize poverty levels, especially in the districts/cities of Bali Province. Government budgets in the fields of health, education and infrastructure also need to be allocated and with careful planning because the country is currently still experiencing the Covid-19 pandemic so that later all sectors that can increase economic growth, one of which is government spending, can be realized properly in order to achieve increased productivity impact on economic growth and poverty reduction in the districts/cities of Bali Province.

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