

**THE IMPACT OF GLOBALIZATION ON INCOME INEQUALITY IN
INDONESIA (1981-2010)**

THESIS

*Thesis is submitted in partial fulfillment of the requirements for the Bachelor
Degree from Andalas University*

By :

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**BACHELOR DEGREE OF ECONOMICS DEPARTMENT
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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Problem makes you think. Think make s you wise. Wise makes you successful.

“This thesis is dedicated to my beloved parents”

It's really hard to put into word what I feel, since I've been through a very long road to graduate...

My biggest thank for My Lord, Allah SWT,

for Your amazing bless, Your curing love, and

for Your answer to all of my prayer and my complain.

Praise be to Allah, the Lord of the worlds.

And I thank my self,

After all of those ups and downs,

After all of those laughs and cries

Thanks for not being buried in despair

Last, God will be with you wherever you go. Be strong and courageous. Reach your maximum potential, cause success is your right, Uci! (^_^)

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The Impact of Globalization on Income Inequality: The Case of Indonesia (1981-2010)

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ABSTRACT

The Indonesian economy has grown through the globalization era, reducing poverty and increasing social welfare are priorities in growing a strong economy, while the effect of globalization has had on these issues remains contested. Globalization is believed to have a positive impact on economic growth but the impact of globalization on inequality has been debated in recent years. This thesis analyzes the impact of globalization on income inequality in Indonesia from the period of 1981 to 2010, with considering the variables, such as GDP per-capita, FDI and Trade Openness by using the time series analysis and OLS approach. The researcher uses the Standardize World Income Inequality Database (SWIID) to show the level of income inequality. The result shows that GDP per-capita and FDI have positive relationship with income inequality, while openness has negative relationship with income inequality.

Keyword: Globalization, Income Inequality, Developing Country, OLS

This thesis has been presented in the thesis examination and successfully passed the thesis examination on July, 13th 2012. The abstract has been approved by the advisor and the examiners :

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