ABSTRACT

Impact of Government and Tourist Expenditure towards Performance of Bali Economy: Social Accounting Matrix Approach

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Bali’s economic development is focused on agriculture, tourism and industry as the first priority. While other part of the Indonesia economy were suffering severely due to economic down turn since the middle of 1997, Bali’s economy seems less affected. The performance of Bali’s economy was analysed employing 1996 Social Accounting Matrix (SAM); constructed based on 55 accounts. It is assumed that this 1996 SAM could represent the present situation of Bali’s economy.

The analysis of factors shares indicates that production process in Bali economy was capital intensive. The distribution of institutions income, particularly inter-household groups, is relatively light inequality; which was true for distribution of income across districts.

The multiplier effects of government expenditure on economic infrastructure from both central and local, and those allocated through presidential instruction projects for underdeveloped villages (IDT), were relatively higher on the production sectors, factors incomes, and household income; as compared to other kind of government expenditure.

Tourist expenditure have positive effect to the economy especially on factors and household incomes, and the demand for sector output as indicated by the multiplier effects and spread effects. In addition, there have been linkages amongst tourism sector with production sector, i.e., agriculture, industry and services.

Keeping the government expenditure for development as in 1996 levels, but an increase in the expenditure of tourists or private investment, would enhanced the performance of Bali’s economy. Even a decline in government expenditure, could be compensated by an increase in tourist expenditure or private investment; suggesting that government expenditure was not the main sources of economic growth.

However, a increase in tourist expenditure without effort to increase the government expenditure would affect the income distribution among household group towards more inequality. But, an increase tourist expenditure as well as government expenditure would promote better income distribution.