

Assets and the poverty trap in Indonesia : using households panel data 1993-2007

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Abstrak

Assets and the Poverty Trap in Indonesia: Using Households Panel Data 1993-2007.

Indonesia faces relatively high-level of persistent poverty for years which indicates the existence of poverty trap. Using four waves of longitudinal household data (1993-2007), this paper examines the existence and various patterns of household-level poverty traps in Indonesia. By following an asset-based approach introduced by Barrett and Carter (2006) and Adato et al. (2006), this paper performs parametric to construct an asset index and nonparametric techniques to estimate dynamic asset pattern and the poverty trap. Findings indicate that there is evidence for multiple equilibria poverty trap in Sumatra region. Also, this study finds that all households in Sulawesi region converge to a single stable equilibrium below the poverty line, which indicates that these households are collectively trapped. However, the findings show that households in Java and Bali, West Nusa Tenggara and Kalimantan converge to a single stable equilibrium that households in these regions do not face a poverty trap.