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THE HUMAN DEVELOPMENT INDEX IN ASEAN COUNTRIES

This study will examine the impact of monetary and fiscal policies simultaneously on human development in ASEAN countries. The fiscal policy indicators in this study are through approaches from government spending on education and health. Monetary policy indicators through approaches from bank credit to private and financial system deposits. The results of data processing revealed that the Human Development Index was influenced by monetary policy in the form of bank credit to private, financial system deposits and fiscal policy in the form of spending on health, while fiscal policy related to spending on education has a positive but not significant effect.

The Human Development Index is influenced by monetary policy in the form of bank credit to private, financial system deposits and fiscal policy in the form of spending on health, while fiscal policy related to spending on education has a positive but not significant effect. This indicates that the increase in education achieved through expenditure allocation policies for the education sector has not brought about the optimal impact of positive externalities. The non-optimal impact of allocations for education can be shown in the net enrollment ratio in secondary school (school participation) and adult literacy rate (adult literacy rate).

Monetary policy through the approach of the domestic credit to private sector and financial system deposits in ASEAN countries has a positive and significant impact on human development, but there is a difference in the level of significance. The domestic credit to the private sector and the financial system deposits are very significant differences between the ASEAN member countries studied. There are three countries with a very low percentage of financial system deposits to GDP, namely Cambodia, Indonesia and Vietnam and three other countries namely Malaysia, Singapore and Thailand, reaching more than 100% in 2015.

Most banking loans in ASEAN countries are channelled to large-scale businesses, while small businesses that utilize them are still small. Financial development is very important to improve human development, and access to financial services makes a positive impact on the lives of people, especially the poor. The lack of small business access to financial services is generally due to loan requirements such as physical security.

The purpose of development is to create a prosperous society. To achieve these objectives, fiscal and monetary policies must be directed at improving human development. In this study to measure the impact of fiscal policy, we are still limited to using indicators of budget allocation for education and health. To look at the impact of fiscal policy on human development, it is not only limited to these indicators. Further research can be developed on other indicators, such as infrastructure spending, other social expenditures, and can even be developed in terms of state revenues. as easy as the monetary policy indicator can be expanded. In the context of HDI, monetary policy should be approached from the portion of loans received by micro and medium enterprises. However, the limitations of data

have led us to approach data from the total loans channelled to the business world. In addition, other inclusive financial sector indicators can also be used as a monetary policy approach.

To achieve these objectives, fiscal and monetary policies must be directed at improving human development. To look at the impact of fiscal policy on human development, it is not only limited to these indicators. Further research can be developed on other indicators, such as infrastructure spending, other social expenditures, and can even be developed in terms of state revenues. as easy as the monetary policy indicator can be expanded. In the context of HDI, monetary policy should be approached from the portion of loans received by micro and medium enterprises.

Keywords: Fiscal and monetary policy, Expenditure allocation policies, Human Development Index, ASEAN countries