ECONOMIC GROWTH NOT QUALIFIED AND NEED FOR GOVERNMENT POLICY IN EXPANSION OF JOB OPPORTUNITIES IN BAUBAU CITY

Zainul Abidin¹⁾, Nurhayati²⁾, Abdul Madjid³⁾

Department of Administrative Development FISIP Concentration,
Dayanu Ikhsanuddin University^{1), 2), 3)}

ABSTRACT

This simple study aims to describe the conception of economic growth is not qualified and consequently in Baubau City as well as looking for policy solutions what should be done to overcome them. This paper uses a classical and neo classical political economy approach that is also part of the administrative sciences, especially administrative sciences that concentrate on development problems. As for this research is literature research, where the method of study documentation is the only method used. Data analysis techniques are more descriptive in which the results of research are qualitatively described so as to obtain a picture of the problem of economic growth is not qualified and simultaneously want to show the required government policies either breakthrough or intensification of existing policies to reduce unemployment, poverty and reduce the trend informalisasi ekonomi. Periode time Data used from 2005 to 2010.

Keywords: Unqualified economic growth, government policy, unemployment, poverty and economic informalization.

A. INTRODUCTION

The substance of political economy which is also the subject of administrative attention is in the form of problems of backwardness, growth, development, social economic development, economic systems, realism and idealism, linear and international structuralist and so on. In the approach of political economy, the problems encountered include, Political variables, economic variables, socio-cultural variables, while influential factors include (1) government intervention, policy change, political economic action, (2) price increases in the market, (3)) The scarcity of resources, (5) social revolution, industrial transformation, (6) revolution and advancement of science, knowledge, technology, communication, and information (Caporaso and Levine: 2008).

In the life of a country there are often various problems. The state that holds full responsibility on the life of its people must be able to solve the problems. Public policy made and issued by the state is expected to be a solution to the problem. Public policy is a decision made by the government to make certain action choices to not do something or to do certain actions (Mustopadidjaja, 2002).

Welfare based on job ownership and uncategorized in poverty and backwardness are the wishes of every citizen of a country therefore, since the establishment of the Republic

of Indonesia, through the 1945 Constitution has mandated that the state must fulfill the needs of the community in obtaining employment and livelihoods that are suitable for humanity. The obligations include the obligation to guarantee Availability, affordability, and fair and equitable fulfillment. To be able to perform such obligations effectively, the state shall provide its main occupation in the formal sector because of the dictum of employment and a decent living for that humanity.

B. PROBLEM FORMULATION

This simple study aims to answer whether the economic growth is not qualified, as a result in the life of the community and find a policy solution what should be done to overcome the problem.

C. PURPOSE OF RESEARCH

It is expected that it will be useful for development administration science especially about development political economy, development planning and practically for stakeholders in Baubau City.

Literature Review

A. Economic Development Politics

Political economy is at least understood as a state or public policy in the domain of state and market interactions. In this dimension can be interpreted how a government in a country affects the economic sphere or vice-versa how the economy or the market affects the state in its policy. Substansinya include the problems of backwardness, growth, development, social economic development, economic systems, realism and idealism, linear and structuralist International, globalization, regionalism, and so on.

Deliarinov (2006) states both classical political economy theory as well as in contemporary political economy illustrated the relationship between economy and politics within a country. In classical political economy theory it is stated that the market has the ability to manage itself. This view is often used as the basis for implementing free market policies. Even these classical economists are the first to look at the economy as a system that is principally separate from politics and home. The classical economists still consider politics to be important, but actions related to politics do not continually intervene in the market, let the market go its way so that profits will be derived from this naturally working market. If the market mechanism works naturally - where the economy is left to the market without political intervention - it will have an impact on the growth and development of the macro economy. Classical economic theory argues that the role of government is actually limited only to law enforcement, safeguarding security and infrastructure development. New state intervention is necessary when there is no market balance or perfection. The perfect market is determined by the demand and the supply itself.

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A. The Classic Neo Approach In Political Economy

Thought that discusses state interference (politics) which is temporary in creating the balance or market perfection continued in the neo classical approach. The perfect market is determined by the attraction between supply and demand.

One of the neoclassical theories is the Harrold-Domar theory. This theory emphasizes the concept of the natural growth rate. In addition to the factors of labor production, it is also considered an increase in the efficiency of education and training. This theory can determine how much savings or investments needed to maintain the rate of growth of the natural economy that is the forward rate of natural economic growth multiplied by capital-output. According to him economic growth is the increase of national and regional production physically, or in general terms is the increase of domestic product Gross or domestic product bruto. PDB or PDRB is the amount of goods and services produced by a State or regional economy within one letter. Or in other words, economic growth is a process whereby an increase in real gross national product or real national income. So the economy is said to grow or flourish in the event of real output growth another definition of economic growth is that economic growth occurs when there is an increase in output per capita. Economic growth describes the increase in living standards is measured by real output per person. One way to see the economic progress of a region is by looking at the value of Gross Regional Domestic Product (GRDP). GRDP is the value of all goods and services produced within a certain period usually within one year. In calculating regional income is only used the domestic concept. Means that all added value is caused by various sectors or business fields conducting business activities in a region or region (Provincial or district) shall be included without regard to ownership of factors of production.

C. The Relationship of Economic Growth and Employment Absorption

In the neo classical theory said the high employment opportunities will affect the economic achievement of a country. The reason is that the economic activity of the community is shown by the performance of the community's production which is reflected by the Gross Domestic Product (GDP), while for the area of Gross Regional Domestic Product (PDRB). The problem of job opportunity can be done, among others, by creating productive employment and expanding opportunities Work carried out by conducting economic activities in various sectors accompanied by efforts to increase the productivity of the workforce.

Economic development is essentially a continuous process between economic sectors so that with the creation of economic growth can create employment, income distribution and ultimately improve people's lives. In a process of economic development includes economic activities that seek to optimize the use of available economic factors that create economic value, one of the economic factors referred to is the workforce.

Dudley Seers, argues that economic development benchmarks are not only on increasing per capita income but should also be accompanied by good distribution of income, decreasing poverty and unemployment. From this description it can be concluded that the most fundamental problem in employment and economic development is supply-demand in the labor market. While Kuznets lays out a trade-off between economic growth and a uniform distribution of per capita income. Kuznets also emphasizes that to measure

capital formation is improper and inefficient if only to physical capital and other fixed capital. However, Kuznets states that the traditional sector or agricultural sector has a significant role in the development process especially in absorbing labor.

According to Todaro (1999) there are three main factors or components that influence the economic growth of an area, the three are the accumulation of capital, population growth and technological progress. Capital accumulation includes all types of new investments by both government and private investments in landforms, physical equipment, and capital resources. Capital accumulation will occur when a portion of the income is reinvested in order to increase the output or income in the future. The success of the region to increase its attractiveness to investment depends on the ability of the region to formulate policies related to investment and business as well as improvement Quality of service to the community. Investments with these characteristics are non-profit or non-profit motives, such as roads and bridges, schools, parks, markets, hospitals, and other public facilities and infrastructure. Because this investment is done by the state, the financing is done through the State Budget (APBN) or regional budget (APBD). This public investment generates added value in the form of goods and services, employment, rent and interest, without a surplus of private business or investment which is an investment made by the private sector, in order to benefit in the form of profits.

D. Economic Growth is Not Qualified

If good economic growth or quality is characterized by the linearity between economic growth and the absorption of the main labor force in the formal sector and sustained by the development of the real sector, Robinson Tarigan (2008) and Yustika (2011) explain the unqualified economic growth is characterized first, economic growth in the sector Real estate (agriculture, mining and industry) remains in the low zone or trapped in low growth zones, on the other hand much of the power absorbed in the sector resulting in poverty and unemployment can not be reduced, low growth has not been able to encourage significant new employment opening. In these sectors the pockets of poverty are located (farmers, fishermen, laborers). In other words, as long as the real sector is trapped in low growth, the problem of poverty and unemployment is difficult to overcome. Second, the non-tradeable sector moves quickly and becomes the most important source of economic growth. In the absorption of manpower, the telecommunications, construction and finance sectors roughly contribute to a large labor force. Third, the manufacturing sector experiences a symptom of decline (deindustrialization) .If the growth and contribution of the industrial sector is low, competitiveness, added value, and diversification of economic commodities The economic growth is crowded with informal sector actors, including the labor involved in it. Fifth, as a supporting factor is the weakness of APBN / D in creating employment opportunities In other words APBN / D can not be much expected.

RESEARCH METHODS

A. Types and Research Approach

The type of this research is descriptive with qualitative approach.

Data Collection Method

This research is literature research. So documentation study is the only method used. The study documents, which referred to the review of books and journals related to the political economy and economic development, statistical documents and regional planning, documents the labor service. As well as other documents deemed important to answer research.

Data Analysis Technique

In this study, the data were analyzed descriptively. The results of the research will be translated and described qualitatively so as to obtain a picture of the problems arising from qualified economic growth, labor absorption and equity and economic informalization as well as policy solutions that are considered to provide a solution to the existing problems.

RESULTS AND DISCUSSION

Indonesia's Economic Growth: Growth Not Qualified

Ahmad Erani Yustika (2010) states There are three important notes from Indonesia's economic growth structure until 2010. First, economic growth in the real sector remains in low zone (below 5%) resulting in unsolved problem complications in the modern history of the national economy, Namely poverty and unemployment. Until 2009, the agricultural sector (plantations, forestry and fisheries) accounted for about 41% of the workforce, while the manufacturing sector absorbed about 12% of the workforce. Thus, both sectors absorb more than 50% of the total workforce in Indonesia. If both sectors are trapped in a low growth zone, then the problem of poverty and unemployment can not be reduced convincingly. The reason is that in both sectors pockets of poverty are located (farmers, fishermen, laborers). Similarly, if both sectors grow low, their ability to create employment also very limited. Secondly, the non-trade sector over the past few years has been rapidly moving and becoming The most important source of economic growth. In the labor absorption map, the telecommunications, construction and finance sectors account for approximately 11.5% of the workforce. With consistent economic growth above the average national economic growth, the sector enjoys greater economic prosperity than any other sector. The implication is that the labor involved involves a higher income. Of course this fact blows the next problem: The emergence of a greater intensity of income inequality between sectors of the economy (as well as inequality of income between actors and between regions). Without realizing, the imbalance of economic growth between tradeable and non-tradeable sectors would be a source of acute economic problems, even spreading to social and political problems in the future. Workforce in Indonesia accumulates in tradeable sectors, where for agriculture and industry sectors absorb about 52% of the total workforce. This descriptions easily publish the conclusion that as long as the real sector is trapped in low growth, the problem of poverty and unemployment is difficult The third is competitiveness, added value, and diversification of national economic commodities are likely to be porous because the manufacturing sector is experiencing a symptom of decline

(deindustrialization). If the growth and contribution of the industrial sector is low, then it shows the lack of strategy to increase added value to the product produced. Simple example, currently Indonesia is a major exporter in the world for some commodities, such as palm oil, tuna, and coal. However, the value of these products is very cheap in the international market than if the product is processed first in the country. Hal Which causes Indonesia can not maximize economic growth because it only produces primary product.

B. Economic Growth Performance of Baubau City

The Bau-Bau City economy from year to year continues to show a fairly dynamic development. During the period 2006-2007, the value of GDP at Current Prices (ADH) increased from Rp. 1,058.54 billion in 2006 to Rp. 1,254.49 billion in 2007 or an increase of Rp. 195.95 billion. While the value of PDRB ADH constant in 2000 amounted to Rp. 586.32 billion in 2007 or an increase of Rp. 42.49 billion compared to 2006 which only reached Rp. 543.83 billion. Viewed based on its growth rate, PDRB ADH constant in 2000 during 2006-2007 (yo.o.y) grew by 7.35% and 7.81% respectively. Similar values were also shown by the rate of economic growth or GDP growth rate of 2000 ADH constant quarter to quarter (q.o.q). This figure is higher than national economic growth rate which only reach 5.50% and 6.30% in the same period. While from quarter to quarter (q.t.q), the economic growth rate of Bau-Bau City was above 1.70% during 2006-2007 period.

By sector, the high rate of economic growth of Bau-Bau City during 2006-2007 is not apart from the performance of its growth sectors which experienced positive growth, except mining and quarrying sector which experienced a contraction of 7.89%. Electricity, gas and clean water sector recorded the highest growth in 2007 with a growth rate of 44.63% or an increase of 35.29% compared to 2006. The high rate of growth of the sector shows that the needs of economic actors in Bau- The smell of electricity continues to increase along with the growing economy of Bau-Bau City. One indication is evidenced by the growth rate of the manufacturing sector, especially the non-oil and gas industry sub-sector by 11.01% or an increase of 4.74% compared to 2006. Along with the increase of physical development, such as shop house, placed the construction sector / building as the second sector that experienced the highest growth in 2007 with a growth rate of 12.25% or an increase of 2.51% compared to 2006. Furthermore, although in 2007 the rate The growth of the financial sector, rental of buildings and services of the company decreased by 13.54% compared to 2006, but in general the growth rate of the sector is quite high, reaching 9.25%. The relatively high rate of growth of this sector is inseparable from the growing sub-sector of finance and other financial institutions. One of them is the operation of national banks such as Bank Muallamat and Bank Panin in Bau-Bau.

In 2008, the economic growth rate of Bau-Bau City was 7.02% or decreased 0.79% compared to 2007. The decline, sectorally can be seen with lower quarterly economic growth rate (qtq) in 2008 which is only around 1, 62% -1.68%, while in the year 2007 ranged between 1.80% -2.26%. In addition, although all sectors of the 2000 ADH GDP were constantly growing, the major economic sectors such as trade, hotel and restaurant sector and services sector were lower than growth rates compared to 2008 In 2007. Sectors that experienced lower growth rates in 2008 were the electricity, gas and water supply sectors as well as the financial sector, building rental and company services.

The economic structure of Bau-Bau City reflected by the contribution of sectors forming GRDP on the Price Basis (ADH) is valid until 2007 still dominated by sectors included in the tertiary group (63.33%) while the primary and secondary groups respectively, Only 17.37% and 19.30% respectively. In 2007, the most influential sectors of GDP formation were the trade, hotels and restaurants sector followed by the services sector and the agricultural sector. The three sectors contribute 24.24% (Rp 304.13 billion), 21.91% (Rp 274.91 billion) and 16.96% (Rp 212.76 billion) respectively. Almost the same, continued in 2008, but it is estimated that the roles of trade, hotel and restaurant sector are higher than other sectors. In addition, the transportation and communications sector as well as the construction / building sector continues to show consistency as a leading candidate for Bau-Bau City in the future.

C. Baubau City Economic Growth: Economic Growth is Not Qualified

There are several facts showing the economic growth of Baubau City 2005-2009 is unqualified growth. First, during the period 2005-2009, the economic growth rate of Baubau City averaged 7.70%, but it has not been able to encourage the opening of new employment opportunities significantly. Based on data released by BPS-Statistics of Bau-Bau (2008), the decline in unemployment rate in 2007 compared to 2006 was mainly due to the decreasing number of people aged 15 and older who fall into the labor force category and, on the other hand, The labor force is increasing. In addition, it turns out that in 2006 the number of underemployed or work force who work less than 35 hours is about 15,227 people. In harmony with this, the number of poor people continues to increase. In 2007 the population of Bau-Bau City was below the poverty line of 56,034 people (44.97% of the total population) and the poor were around 32,432 people (26.03% of the total population) or respectively increased by 12, 55% and 9.79% compared to 2006. In other words, in 2007 the total number of poor people in Bau-Bau reached 88,466 people or increased by 11.52%. In 2009, the population was below the poverty line Increased by 13.83% or 71,564 in 2007 compared to 2007. While the open unemployment rate fell only about 7.73% of the total workforce in 2009 or from 6,007 in 2007 to 4,074 in 2009. By economic growth High can reduce the number of poor and unemployed.

Second, the non-trade sector over the past few years has been rapidly moving and becoming the most important source of economic growth. In the labor absorption map, the telecommunications, construction and financial sectors continue to increase. With consistent economic growth above the average national economic growth, the sector enjoys greater economic prosperity than any other sector. The implication is that the labor involved in it earns more income. This fact has led to the emergence of a greater intensity of income inequality between sectors of the economy (as well as income imbalances between actors and between regions). Employment accumulates in tradeable sectors. This description easily publishes the conclusion that as long as the real sector is trapped in low growth, the problem of poverty and unemployment is difficult.

In the context of Baubau, for example in 2007, the growth of agriculture, livestock, forestry and fishery sectors (food crop sub-sector, estate crop sub-sector, livestock sub-sector and yield and fishery sub-sector) reached 11.93% In 2006 with contribution to GRDP of 16.96% or Rp. 212,762 billion. Partially, food crop sub-sector, estate crop sub-sector and

livestock sub sector and the result is 31,90% and fishery sub-sector equal to 68,10%. In terms of inter island trade value, agriculture, livestock, forestry and fishery sector contributed Rp. 76.399 billion or 92.94% of the total value of inter island trade. Meanwhile, in relation to employment, agriculture, livestock, forestry and fisheries sectors are able to absorb as many as 9,951 workers or 21.78% of the total workforce working in 2007. This means the growth of small, shared or contribution in the structure of GRDP The economy is small, while its share in employment is still high which means its value is getting smaller. The income in this sector or the price of the smallholder economy is in contrast to the income of the community in the growing non tradable sector. As explained above, it leads to greater income inequality between sectors of the economy (as well as income inequality between actors and between regions). Unwittingly, the imbalance of economic growth between tradeable-tradeable sectors will be the source of economic problems, even spreading to the social and political problems in the future. Third, unqualified economic growth as explained by Ahmad Erani Yustika is also shown in informalisasi ekonomi. One of the implications of the development strategy can be seen from the symptoms of economic informalization. That is, economic activity is crowded with informal sector actors, including the labor involved. In 2009, the labor force entering the informal sector was almost 65% of the total workforce, whereas in 2008 it was only 61%. This reality is dangerous, because at the time of modernization and structural transformation of the economy has been running, but the economic actors involved in the informal sector actually increases.

In the context of Baubau this economic informalization is indicated by the development of MSME Credits. Micro, Small and Medium Enterprises (MSMEs) are business sectors that become pillars in the economy of Bau-Bau City with enormous potential. The performance of KUMKM distribution in Bau-Bau City shows positive growth during 2006-2007 with an average growth rate of 27% per year. In 2006, the amount of KUMKM that was distributed was Rp. 266,967 billion or an increase of 17.30% compared to 2005 or 99.97% of the total credit disbursements disbursed in Bau-Bau City. With the improvement of MSMEs, in 2007 KUMKM channeled by banks in Bau-Bau increased by 36.92% or increased to Rp. 365,519 billion with a share of 97.13% of total loans disbursed. In 2008, the funding for KUMKM will continue to increase with a value of Rp. 473,795 billion or 95.13% of the total credit disbursed in Bau-Bau City during the year. According to the grouping, KUMKM in 2006 is more for micro business (credit up to Rp 50 million), which is about 42.84% or Rp. 114.368 billion, while for small businesses (loans above Rp 50 million to Rp 500 million) and medium enterprises (loans above Rp 500 million to Rp 5 billion) are only about 29.10% and 28.15%. In 2007, although the loan portion for micro business remained dominant (36.91%), the loan portion for small-scale enterprises grew to 34.52%. While the loan portion for medium-sized enterprises is relatively the same as in 2006, which is 28.57%.

In 2006 the proportion of KUMKM disbursed was used for consumption of Rp. 128.304 billion (48.06%) and for working capital of Rp. 122,293 billion (45,81%) and the rest around 6,13% is used for investment. Although the proportion of KUMKM for consumption decreased by only 41.20% or Rp. 150,583 billion in 2007, but the allocation for investment actually decreased, ie only 5.26% or only Rp. 19,209 billion. On the other hand, the allocation of KUMKM for working capital increased to 53.55% or to Rp. 195.727 billion. In 2008, the composition of KUMKM distribution for working capital continued to increase, while allocations for consumption and investment continued to decline. Based on the economic

sector. KUMKM 2006 is generally distributed to other sectors reaching Rp. 128,583 billion or 48.11% of the total KUMKM in 2006. Trade sector with a share of Rp. 102.778 billion or 38.50% made this sector the second largest sector in lending in Bau-Bau City in 2006. Meanwhile, the services sector, agriculture and industrial sectors have a share of 5.22%, 4.58% and 3.58%. In 2007, KUMKM which was distributed to the trading sector ranks first with a credit value of Rp. 165,084 or 45.16% and other sectors ranks second with percentage equal to 41.20%.

Fourth, as a supporting factor is the weakness of APBD in creating job opportunities in other words APBD can not be much expected. Conceptually APBD for all regions in Indonesia is still highly dependent of the central transfer funds (APBN), especially at the district / city level. Local Revenue (PAD) of Baubau City contributes 3.45%, 4.36% and 4.02% or Rp. 8.963 billion, Rp. 13,286 billion and Rp. 14,167 billion during the 2006-2008 period for APBD. If the APBD allocation is dissected, where the transfer fund is the largest component of the APBD contributor, then the following reality will be found. The portion of APBD for employees has to experience from time to time. It is noted that some districts / municipalities whose employment expenditures may be considered terrible, such as Lamajang (83%), Karanganyar (75%), Ambon (73%), Simalungun (72%), Agam (72%), Luningan (71%), And Palu (71%). While Baubau City is 64%. Thus, it is almost impossible to mobilize regional development, as APBD is discharged for the apparatus (not the people). The function of the budget as an instrument of stabilization, allocation and practical distribution has been paralyzed.

Unfortunately, the realization of very small capital expenditures (due to cuts in personnel expenditure) is low absorption, often less than 90%. In the same year, employee expenditure exceeded 90.0%. Here shows the capacity of bureaucracy in the regions not quite capable of managing programs that have been planned previously. On the other hand, regions with limited fiscal capacity are forced to create deficit budgets to finance their needs, particularly personnel expenditures. Seeing this phenomenon as according to the opinion of Adam Smith and David Ricardo who is a figure approach to the theory of Classical Political Economy. In Classical Politics Economics theory states that the market has the ability to manage itself. Even these classical economists view the economy as a system that is principally separate from politics and home. In both classical and neo classical theory, the demand and supply of labor is always balanced because of flexible prices which contradicts Keynes that the labor market is far from balanced, since wages are never flexible, so that the demand and supply are almost never balanced so unemployment is often happen. Unemployment can happen continuously. The promise of a neoclassical theory that says the economy will continue to experience full employment and the capacity of fixed capital utilities fully utilized from unproven periods in the national case and Baubau City. Dudley Seers' opinion should be taken into account, He argues that economic development benchmarks are not just Increase in income per capita but should also be accompanied by good distribution of income, decreasing poverty and unemployment.

D. The Need for Baubau City Government Policy In Expansion of Employment Opportunities. Encouraging Increased Regional Productivity

According to classical and neo classical theory, in an effort to create employment, the government actively develops macro policies aimed at finding new sources of economic growth. In the past, economic growth stemmed from low wages and natural resources. These two sources of growth have diminished their potential and now or in the future need to seek new sources of economic growth by using investment, technology and trade (export-import) channels through the development of the private sector. To achieve this goal the national government should include employment policy as part of the macroeconomic policy making parallel to other macroeconomic policies or explicitly plotted in the economic growth plan, inflation control and balance of payments. (Ahmad Erani Yustika: 2009)

1. From the macro side, job creation will be more conducive if: (a) exchange rate and interest rate is stable and competitive, and (b) financial and banking reform is continued so that bank intermediation function can encourage the development of real sector.
2. In decision-making on macro policy, it is necessary to include competent employment economists. Employment issues should be included as part of macroeconomic policy. This is done so that macro economic policy is in line with the labor policy. Employment policies should not be tied to formal workers' welfare issues, but also deal with macro policies for workers in informal employment, where many workers are concentrated in medium, small and micro enterprises, can benefit.
3. The key policies needed to support employment creation are:
 - A. Improving regulations relating to the rules of the game of labor should be able to create a flexible labor market. In the Indonesian labor market, informal employment is 70% of all employment, and a very large labor force (around 100 million) where most of the labor force (about 55%) are elementary and elementary school graduates, The large open unemployed flexible labor market policy is needed. With the inflexibility of the job market will result in high rates of youth unemployment and low skill. Law No. 13 of 2003 on employment in general contributes very positively to the labor market in Indonesia. The new law demonstrates the consensus of various stakeholders on issues that were previously highly controversial. The new law is also in line with the various ILO conventions that have been ratified. The fundamental thing included in the Act is the stipulation of the rules on the representation of workers in the framework of the collective bargaining process. However, there are some parts which, if run rigidly, will reduce the flexibility of the labor market. The key is that the rules of the labor market play should not lead to major distortions in decisions about the investment and use of labor. Excessive regulation of minimum steam, contract workers, and layoffs has the potential to reduce labor market flexibility
 - B. Perfect policy of the demand side (demand side). This policy is intended to increase investment and strengthen the existing economic activities. The policy of expansion of opportunity through investment is also related to SME development policy. In addition to policies directly related to the job market, job opportunities are largely determined by other policies. As previously mentioned, the majority of our workforce is unskilled.

In the Baubau Context, the non-trade sector over the past few years has been rapidly moving and becoming the most important source of economic growth. In the economic structure and employment absorption map, the telecommunications, construction and financial sectors continue to increase. Going forward Tradable sectors such as industry or manufacturing need to be developed so as to reduce unemployment and informalization of the economy. Government plans Baubau encouragement will be given to increased investment, industrial development, exports and tourism needs to be supported. Investment or domestic investment should be increased. Increased in 2007 investment from Rp. 8 billion with the number of projects as much as 2 to Rp. 1.212 billion with 9 projects need to be replicated and upgraded forward. This also indicates that private involvement in development financing in Bau-Bau City needs to be improved, as such data above APBD can not be expected. In 2007, non-oil and gas industry grew by 11.01% or increased compared to the condition in 2006 which only reached 6.26%. Nevertheless, the contribution of the industrial sector in this case the non-oil industry sub-sector is still relatively low in the formation of Bau-Bau Municipal Gross Regional Domestic Product (GRDP), which is only about 2.58% or Rp. 32.42 billion in 2007. This is well-founded, because the industrial sector of Bau-Bau City is generally a small and medium scale industry. Until 2007, the city of Bau-Bau has been positioning itself as an economic or trade center for the rear-heavens. Therefore, the mobility of imported goods flows between the islands of Bau-Bau City is high. Nevertheless, it has not made Bau-Bau City as a trading city equivalent or at least close to the role of Kendari or Makassar.

Thus, the development of the local economy in the future needs to be encouraged to reduce the unemployment rate which is beginning to show a declining trend and reduce the number of poor people by encouraging the quality of economic growth while avoiding economic informalization. Local resource-based industries and hinterland areas can be intensified such as the fishing industry and Plantations such as Jambumete.

CONCLUSIONS AND RECOMMENDATIONS

A. Conclusion

1. There are some facts showing the economic growth of Baubau City 2005-2009 is non-quality growth. First, During 2005-2009 period, the economic growth rate of Bau-Bau City was 7.70% average, but it has not been able to encourage The opening of new employment opportunities significantly. Secondly, the non-trade sector over the past few years has been rapidly moving and becoming the most important source of economic growth. Third, it is shown in the informalization of economics. That is, economic activity is crowded with informal sector actors, including the labor involved. Fourthly, as a supporting factor is the weakness of APBD in creating employment in other words APBD can not be much expected, still very dependent from the central transfer fund (APBN), especially at the district / city level. Local Revenue (PAD) of Baubauhanya contributes 3.45%, 4.36% and 4.22% or Rp. 8.963 billion, Rp. 13,286 billion and Rp. 14,167 billion during the 2006-2008 period for APBD. The promise of neoclassical theory which says the economy will still experience full employment rate and capacity of capital

equipment remain fully utilized from unproven periods in the national case and Baubau City.

2. Employment policies should not focus on formal workers' welfare issues, but also deal with macro policies for workers in informal employment, where many workers are concentrated in medium, small and micro enterprises, can benefit. The policies required to support employment creation is a refinement of regulations relating to the rules of the game of employment. It should be able to create a flexible labor market. The demand side of the policy is intended to increase investment and strengthen existing economic activities. In the Baubau Context, the non-Tradeables over the past few years are moving quickly and are becoming the most important source of economic growth. In the economic structure and employment absorption map, the telecommunications, construction and financial sectors continue to increase. Going forward Tradable sectors such as industry or manufacturing need to be developed so as to reduce unemployment and informalization of the economy.

b. Suggestion

Local economic development in the future needs to be pushed to reduce unemployment and reduce the still large number of poor people by encouraging the quality of economic growth while avoiding economic informalization. Local resource-based industries and hinterland areas can be intensified such as fishery and plantation industries such as Cashew.

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