ABSTRACT

EKO WAHYU NUGRAHADI. Analysis Sources of Growth, Linkage and Income Distribution in the process of economic structural transformation in Province of West Java (MANGARA TAMBUNAN as Chairman, HERMANTO SIREGAR and ARIEF DARYANTO as Members of the Advisory Committee).

The main objectives of this research are to analyze sources of growth, linkage and income distribution in the process of economic structural transformation in Province of West Java during 1993-2003. The analysis is using econometrics approach, IO (Input-Output) and SAM (Social Accounting Matrix).

The result shows that in the process of economic growth that following economic structural transformation in Province of West Java, there are some evidences: First, sectors that included in processing industries (such as: base metal and the products; textile, ready made clothes, leather; and food base; food, beverages and tobacco) and services (including trading, hotel and restaurant and services), rapidly growing, while agriculture sector (crops; plantation; and livestock) is slowly growing. Domestic and export demand are growth sources that has positive influence on the rapid growing of processing industries and services, and negative on slow growing on agriculture sector. This indicated that there is consistency between economic structural changing in Province of West Java with supporting theories and studies. The Second, there is income gap changing among households that widening. Third, there is a strong backward and forward linkage in sectors: base metal and the products; textile, ready made clothes, leather and food base; food, beverages and tobacco; and services. Fourth, major economic sectors which have strong roles in the economy are: food base; food, beverages and tobacco; plantation; livestock, trading, hotel and restaurant; and services. Fifth, on output growth, labor absorption and households income distribution of the five sectors has better roles.

Major implications of this study are: (1) in pursuing industrialization, the agroindustrial development (ADLI) should be putting in the highest priority, and (2) export promotion strategy should be considered as importance strategy to support the first recommendation.

Keywords: source of growth, linkages, income distribution and economic structural transformation.