ABSTRACT

Yundy Hafizrianda. Impact of Agriculture Sectors Development on Income Distribution and Regional Economy in Papua Province: A Social Accounting Matrix Model Analysis. Bunasor Sanim as Chairman, Arief Daryanto and D.S. Priyarsono as Member of Advisory Committee.

Income inequality among households, labor and economic sectors leads to horizontal and vertical conflicts in Papua Province, and threaten nation integrity. Economic development is the best way to solve these problems. It is important to find a proper economic development pattern. Acknowledging the real conditions of Papua economy, agricultural based development considered as the right pattern for Papua. This study focused on finding some explanation of agricultural based economic development impacts on regional economy and income distribution improvement.

Agricultural based economic sector includes horticulture, estate crops, forestry, fishery, animal husbandry and agro-industry. Thus, the first big step is to determine sector that has the biggest impact on improving income equity, and the best analysis tool to be used is Social Accounting Matrix (SAM). The system could describe Papua Province comprehensively in a matrix table.

The results of SAM Analysis show that agricultural based economic development could improve income distribution in Papua Province, because income redistribution policy simulations exercised in investment and export could reduce income inequalities in Papua Economy. Although it is quite difficult to implement the policy, but redistribution policy vertically and horizontally is the only policy that could reduce income inequality. For inequality in labor income and production sector, all agricultural based economic sectors development policies could reduce the income inequality.

Keywords: Income Inequality, Agriculture Based Sectors, Social Accounting Matrix