

## ABSTRACT

### **The Influence of Added Value on Agricultural Sector toward Industrial Growth and Labor Absorption as well as Economic Growth and Social Welfare in East Kalimantan Province**

The objective of study is to analyze of the influence and added value of agricultural sector on social welfare in East Kalimantan regency or municipality impenetrate industrial development, economic growth and labor absorption. This study using a quantitative and qualitative approach. The data used are in the form of secondary data in panel data form, that is time series data from years 1993 until 2007 in 13 East Kalimantan Regencies/Municipalities. The data analyzed with partial least square method (PLS).

The result of study indicate the added value of agricultural sector have negative effect towards the social welfare. It happens consistently in precise period (1993 – 1997), the crises (1998 – 2000), and in the beginning of regional autonomy. The similar result is also reaction of the industrial development with the economic growth despite of the influence from the period before crises was not significant. That negative effect and the consistently also affect the increasing regional economic growth to the social welfare, even though in the beginning of regional autonomy the authority have changed to insignificantly. Its shows that the social and economic development result in East Kalimantan Province inconsistent with Todaro viewpoint (1994), but in according is Hansen study (Rondinelli, 1985) concerning with no validity of trickle-down-effect theory. It also strengthened by the result of Zadjuli study (1986) about East Kalimantan Province included in unbalanced growth model with the low forward and backward linkage characteristic in economic sectoral activities. The recession has reduced role of Industrial Sector in the form of regional acquisition, although recently Industrial sector activities set to increase, but still in low of sectorals and regionals disparity growth model.

Key Word : Value added agriculture, industrial growth, labor absorption and social welfare, Unbalanced Growth Pattern Models.