THE IMPACT OF ROAD NETWORK LINKAGES FOR REGION SECTORAL GROWTH IN JABODETABEK AREA[1]

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ABSTRACT

Transportation infrastructures serve as one of the preconditions to improve a regions' economy. Transportation infrastructure may influence regional economic growth as well as the regions surrounding it. The objective of the current study is to analyze the influence of these infrastructures towards economic activity growth (total units, workers, and sector production) of a region as well as the regions surrounding it. Analysis is also conducted towards a number of policies of which act as basis for decision making concerning transportation infrastructure development in a region.

The area of study consists of Jakarta, Bogor, Depok, Tangerang and Bekasi or commonly referred to as JABODETABEK area. Time series data is used from the period 1990- 2006, and encompassing 4 economic activities including trade, transportation, home-construction and industry. Together with the data model, estimations are made by using Two Stages Least Squares (2SLS) prediction methods. A simulation model is then subsequently used with the SIMNLIN procedure.

The results of the simulation demonstrate that toll infrastructure investments in each region generally elevate regional economic growth (PDRB) and its surroundings, except for Bekasi. Conversely, road investment policies generally reduce PDRB growth in a region. Moreover, the results of the simulation indicate that the impacts of toll development increases growth in the home-construction sector in almost all regions. Conversely, policies to increase road investments would reduce growth in the home-construction sector in all regions.

Keywords: *Transportation infrastructure, interregional linkages, economic growth and JABODETABEK area*

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