Policy of Local Income and Expenditure (APBD) in the Effect on Public Socio Economic in Samarinda

H. Abd. Rachim AF

Faculty of Economics, University of Widya Gama Mahakam, Samarinda Municipality, Indonesia

ABSTRACT

The purpose of this study was to reveal the effect of local income and expenditure (APBD) on public socio-economic in Samarinda. The income structure (X1) was independent variable, measured based on Local Original Income (PAD). The development of public socio-economic activity (Y1) was dependent variable, measured by such indicators as GDP, per capita income, employment, education and health. The Expenditure structure (X2) measured based on indicators of regular budgets, development budget covering SOC and DPI and local self-reliance (X3) measured based on ratio indicators of PAD toward APBD, APBD to GDP and PAD to GDP were intervening variables. The research was conducted in all districts in Samarinda. The data obtained were after the implementation of local autonomy in Samarinda in 2001 to 2003. The quantitative data were analyzed by using part analysis. The result of the research indicated that (1) Income structure affected significantly expenditure structure with path coefficient = 0.763 and p = 0.000 at the degree of a = 0.05 (5%). Hence, the greater of income structure the higher of expenditure structure. (2) Income structure did not affect significantly local self-reliance with the path coefficient = -0.080 and p = 0.830 at the degree of a = 0.05 (5%). (3) The effect of Expenditure Structure on the local self-reliance is not significant, with a path coefficient = -0.451 and p = 0.239 at the degree of a = 0.05 (5%). (4) The expenditure structure did not significantly affect the development of society socio-economic activity with the path coefficient = -0.047 and p = 0.792 at the degree of a = 0.05 (5%). (5) Local self-reliance had negative and significant effect on development of public socio-economic activity with path coefficient = 0.797 and p = 0.000 at the degree of a = 0.05 (5%). Thus, the fifth hypothesis is significant.

Keywords: Local Income Structure, Government Expenditure, Economic and Social of Society.

1. BACKGROUND

This globalization era demands the states to make repositioning to a better governmental system. One of them is to accelerate the development and growth of economic, through participation of local government and society, distinguished by local autonomy. The enactment of Law No. 32 of 2004 on Local Government and Law No. 33 of 2004 on Financial Balance between the Central and Local Government, in which demanded the responsibility and achievement of local autonomy objectives in order to improve the service and welfare of society, development of democratic life, justice and equity and maintain harmonious relations between the central and regional governments in order to maintain integrity of unitary of Indonesia Republic, in the construction of which is to reguire development as a conscious and rational effort in order to make use their ideological, social and economic potentials to increase and improve their standard of living, then development implemented within the scopes of local and national.

"Referral to local affairs is sometimes not accompanied by devolution of autonomy, the source of funds and human resources, so in reality Regions can do nothing, because it is still very dependent on central government. This condition is perceived by the region as an injustice, giving rise to various claims made in various ways, that demand of reformation becomes apparent resonating in the entire country ". (Abdullah, 2000: 73-74).

The concept of local autonomy is believed to be able to encourage economic growth by processing local resources to become a new economic power through local ability itself to process the available resources, which is expected to have a positive multiplier effect in shaping local autonomy and public socio-economic. "The sense of multiplier is important to explain the dynamic process of revenue caused by the increased purchasing power that comes from outside the economic

system. The concept of multiplier associated with the concept of marginal propensity to consume, and explain the effect of changes and investment spending to changes in revenue through the changes on demand for consumer goods. So the multiplier must be connected with the marginal propensity to consume and the marginal tendency to save ". (Kadariah, 1981: 29)

Among the important indicators to support the local autonomy is derived from the sources of financing obtained through local economy and other funds from taxes division collected by the central government to support local development. "The unaccountable project of City Government is better not implemented. The source of funds of the city is limited. The public service projects such as prevention of urbanization, the environment, poverty, crime, health and education with social oriented may not or hardly take into account the social costs, therefore they should not be implemented without seeing their economic aspect. Consequently, the project becomes very expensive and can only partially implemented due to limited funds "(Reksohadiprodjo, 1993: 140).

Based upon the background, it is necessary to study "The Effect of Income and Expenditure Structure of City Government on Local Autonomy and Public Socio-economic Development in Samarinda". Therefore, the problems to be observed are formulated as follows:

1. Does income structure have effect on expenditure structure in Samarinda?
2. Does income structure have effect on local self-reliance of government in Samarinda?
3. Does expenditure structure have effect on local self-reliance of government in Samarinda?
4. Does expenditure structure have effect on development of public socio-economic activity in Samarinda?
5. Does local autonomy have effect on development of public socio-economic activity in Samarinda?

II. BASIC THEORY

A. LOCAL AUTONOMY

Along with demand of reformation spirit, especially after the Special Session of the People's Advisory Assembly (MPR) in 1999 the implementation of local autonomy and division of natural resources is perceived greatly motivating local aspirations. One of reformation demands is the presence of justice in economic field, especially the natural resources in local area being returned proportionally to the publict. This lack of the justice sense triggers regional discontent in some ways leading to the demands of full autonomy and even emerges a desire of having a federal state seceding from the Unitary of Indonesia Republic (NKRI).

"The Regions felt after fifty years of Indonesian independence, local autonomy was still very limited. Centralization was increasingly stronger causing gaps of financial balance between the central and regional governments. The impact more developed in the regions was the feeling that they only became the object of central government or in other words building in regions   instead of building the regions"(Swasono, 2001: 4)

Discussion of local autonomy can not be separated from the concept of decentralization, which implies that authority to regulate and manage government is not solely carried out by the central government, but also carried by the lower unit of government. The authority of the lower unit of government to regulate and administer the government in the area is called Local Autonomy." Then so far there are three considerations pointed to the emphasis on the local autonomy of Dati II (Autonomous Administrative Region II). The first, political considerations. The second, administrative considerations. And the third, developmental considerations. While in a community base resources management, there are three theoretical reasons for the important local autonomy of Dati II: local variety, local resources, and local accountability. Local Variety is as regard diversity of local potential; local resources is about diversity of resources owned by Dati II; and local accountability is about responsibility regarding the ability of second level region (Dati II) in local autonomy. That Dati II is best suited to idealism of local autonomy.

First, decentralized institution is far more flexible than the centralized. Second, decentralized institution is much more effective and innovative than the centralized. Third, decentralized institution generates higher morale of workers." (Josef, 1991: 79). In summary, decentralization is an efficient instrument of development management. Empirically, it is proved that centralization pattern tends to a high costs due to the slow pace of bureaucracy, besides unencouraging creativity and motivation to development. Meanwhile, development pattern is more inductive and instructive than partisipatif. How is the desired decentralization in Indonesia? The geographical condition of Indonesia with scattering territories creates more complex problems in national development. The development may not be oriented only on the dimension of optimizing support and developing resources in regions, but also on the unity dimensions.

"The success of local autonomy implementation is determined by readiness of human resources, including officials and public preparedness" (Kelana, 1996: 67). To determine whether an autonomous region was able to organize and manage its own household, some measurements can be used: 1) first, ability of organization structure, 2) ability of Local Government Officials, 3) ability to Encourage Public Participation: along with organizational structure and agility apparatus. Fourth: Local Financial Capability: All activities to achieve goals require a lot of cost. Hence it is necessary to estimate whether the local government being able to finance all activities as the implementation of managing and governing its own household." (Syamsi, 1983: 199)

So it can be concluded that local autonomy is handing over to the region to manage its own household with the principle of decentralization, with the expectation of increasing service to society and local income and reducing socio-economic inequality between regions and between citizens, eradicating poverty, stressing unemployment, cultivate the role of the people's economy, an increase in human resources, more transparent implementation of democracy, increasing collaboration, managing natural resources and increasing community participation through empowerment, which in turn be able to realize local autonomy and social economic. "Privatization needs to be done, making the state company as a public institution whose shares are open to investment outside the government. Governments can create a condusive environment for puclic business investment" (Tjokroamidjojo, 2001: 97)

B. STATE/LOCAL FINANCIAL

State financial is part of economics that studies about the activities of government in economic field, especially with regard to revenue and expenditure in the field of economy.

"State financial is a study on the effect of state income budget and expenditure to economy, especially the effects on goal achievement of economic activity, such as economic growth, price stability, a more equitable distribution of income and also the increase of efficiency and creating job opportunities." (Suparmoko, 1979: 1) Thus state financial is the rights and obligations funded with money and everything valuable in money, dealing with the rights of states and public legal entities both financial of state and the lower public legal entities and is part of economics with regard to revenjue and expenditure and its effects on economy.

The more increasing the government activity the greater the cost to finance implementation of the government's activities aimed to meet public interest, not only covering government activities, but also related to financing economic activity, in the sense that government should promote and stimulate economic activity in general. Thus it can be said that in a country there is always a government intervention in economy, although there are differences in the levels of intervention in the context of modern economy, the role of government can be sorted and analyzed into four different groups of roles: allocating role, namely the role of government in allocating the available economic resources to optimize the utilization and support the production efficiency; distributing role, namely the role of government in distributing resources, opportunities and economic outcomes in a fair and reasonable; stabilizing role, namely the role of government in maintaining the stability of the economy and to restore it if in a state of disequilibrium; and dynamization roles, namely the role of government to set in motion the process of economic development in order to more quickly grow, develop and progess.

C. SECTORAL DEVELOPMENT

Theoretical framework of economic growth is in principle based on balancing relationship between saving, investment and revenues and stems from propensity to save; whereas the continuity of economic growth is associated with the increase of production of goods and services from a series of economic activities, including activities of production, consumption and distribution / trading in a certain period (usually one year). One important measurement to determine the economic growth or economic development is the National Product or National Income commonly visualized in statistics form in a currency, denoting the value of all goods and services produced by a variety of economic activities in a particular state for one year. The value of the national product is essentially equivalent to the amount of income received by public (government + Businesses + Households - Families) or by the amount of expenditure to which it relates.

"In calculating the national income, three methods can be used: 1) production approach, the total output produced by an economy with the formulation $NT = NO - Nl$ where NT = Value Added, NO = Value of Production and Nl = Interval input value; (2) income approach, the total value of remuneration for the production used in producing process with the formulation $Q = f(L, K, U, E)$ where Q = Output, L = Labour, K = Capital Goods, U = Money / Financial and E = ability of entrepreneur or entrepreneurial; (3) expenditure approach, the total expenditure economy during a certain period with the formulation $GDP = C + I + G + (X - M)$ where C = Household Consumption, G = Government consumption, I = Formation of Gross Domestic Fixed Capital, X = exports and M = imports. Theoretically, a the three approaches in calculation is

complementarity" (Rahardja, 2001: 25-33), The calculation can also use two kinds of concepts: 1) the territoriality concept, producing Gross Domestic Product (GDP) and 2) citizenship concept, producing Gross National Product (GNP).

"Government must distinguish development decentralization particularly related to the construction sector that each region is expected to be able to implemented. In fact each region has potential in natural resources, human resources and geographical different condition that make regtions different in rapidity to grow due to various limitation they have "(Tjiptoherijanto, 1997: 46)" The most obvious characteristic of space economy is the nonhomogeneous. We can see that there is agglomeration of economic activity and population distribution on certain areas. The agglomeration denotes some regions have a dence population, more industrial activities, and more cosmopolitan than the areas within a region"(Richardson, 1991: 52)

D. LOCAL SELF-RELIANCE

In the discourse of Local self-reliance, the state is interconnection embodiment of various administrative order (geo-political) and functional having self-reliance in developing itself. Development in accordance with local self-reliance paradigm is oriented on fulfilling the needs of today without compromising the needs of future; based on resource availability; managed on the basis of society participation. Associated with autonomy, the local self-reliance is actually the autonomy substance. Because autonomy is the manifestation of overall delivery of development competency to public and private sectors, autonomy will run and take place in a protracted process, and will be completed by the time the entire competence of planning and implementation of development has been in the hands of public or private.

Development is an effort to develop and improve the quality orders conducted independently by the order itself. Empowering is the effort made by elements outside the order so to develop independently. In essence the autonomy (self-reliance) is not absolute autonomy, but with interconnectivity nuance and complementary. That autonomy will only be meaningful if it can be harnessed and utilize the autonomy and developed other orders. Order according to conception of the Local Self-reliance is an "organic entity" having potential and ability to develop independently. "The concept of Local Self-Reliance development, exploitation of natural resources in one order must be followed by efforts to develop the orders quality. This is carried out by improving the quality orders elements, such as human/community, tecnostructure and institutional and others in a comparable amount, so the order is able to develop independently in future."(Gany, 2001: 217).

With autonomy, the local people feel finding strength and feel so free to determine the direction of their own household based on the unity of Republic of Indonesia. "The shift from centralization to decentralization era refers to grow of a new paradigm following the transition era from authoritarianism to democracy in the context of living in state, nation and society. So there is a growing tendency no to view the State as a scary monster but as an institution need a management for common good, but as a facilitator, public service and guardian of stability " (Effendi, 2002: 132). The important thing the local government performs to realize the local self-reliance is to increase the potential sources of economic so to increase the regional economic growth and to improve income of the people and in particular local government. This can be achieved by creating a condusive investment climate and lead to profitable business activities.

E. SOCIOECONOMIC

Implication of local self-reliance implementation as authonomy substance is the Human Resources Development being very important through the empowerment of orders. Education is the key word; Autonomy in the broadest sense will be realized through the process democratization supported by educated human resources having wisdom, integrity and intelligence. "Indonesia will manifest as a strong and intact state because it is supported by the strong and independent pillars of regions or order, but must pay attention to the difference of social phenomena into three levels: individual behavior, general patterns drawn from individual behavioral and ideal containing rules, behavioral principles. The ideal principles may come from the offender, social actors, can also arise as a result of the inference made by a social scientist " (Gany, 2001: 184).

Social integration is defined as a state and a process of continuously running. The process towards social integration is a very profound challenge of social development, which refers to continuous social improvement or social progress from all facets of life of the people through institutions functioning fairly in allocating and distributing all resources in the community to all categories of people, without the perspective of ethnicity/race, religion, gender, age or socioeconomic status. "Community development pattern of based development is a development pattern based on public competition. The initial concept was agreement that no single entity can exactly be the same on this earth and does the natural condition of people. Each region has a different potential. Based on this potential difference arises the diverse of needs, meaning that development must be adapted to the environmental conditions and problems in the community. It is called community based development " (Soedarsono, 2000 : 30).

III.   RESEARCH METHODS

A. RESEARCH DESIGN

This research based on explanatory research with an intention to examine and explain the effect of implementation of income structure and city government expenditure structure on the local self-reliance and the development of society socio-economic activities of people in Samarinda. Looking at the purpose and objective of the research as well as the available time and the object, thi research was carried out by using the following method:

1. Collecting the verified secondary data
2. Conducting census to obtain local data and sectoral data in Samarinda.
3. Analyzing secondary data and draw conclusions, both in the form of time series data and cross section data required to answer the problem and verify the research hypotheses.

B. POPULATION, SAMPLE, AND SAMPLING TECHNIQUES

1. POPULATION AND SAMPLE

The population was income structure consisting of all local original incomes, funds of balance from both provincial and central government; from income structure consisting of routine funds and fund of development both used for Social Overhead Capital and Directly Productivity Investment. From socio-economic development consisting of Domestik Gross Regional Product, income per capita, labour seen from job opportunity of each sector, education from educational level attained and health from the average rate of living expectation. The data were taken in every district.

2. POPULATION TAKING TECHNIQUES

The population taking technique included the following activities:

1) Verifying the data for validity and reliability.
2) Making accurate tabulation of data in accordance with the needs of analysis.
3) Conducting financial analysis covering the ratios of PAD/APBD, APBD/GDP and PAD/GDP.
4) Analyzing the data for hypothesis testing in two phases.
    a) confirmatory factor analysis of indicators and or items to obtain data from each variable (latent).
    b) after the data obtained from each latent variable, to test research hypothesis path analysis used

3. RESEARCH VARIABLE

The classification of variables can be explained as follows:
1)   Income structure variable (X1) is called exogenous variable, independent or autonomy to be the variable whose diversity is not affected by cause variables in the system and causal relationship can not be determined and set as a beginner variable influencing other variables. The variable was measured based on local original income indicators and funds of balance received from province and centre government. PAD (local original income) was measured based on the items including local taxes, local levies, local Income and other legitimate incomes. Funds of balance received from province was measured based on such items as shared taxes and subsidy/support, the central funds of balance derived from shared taxes, shared income of non-tax, the DAU and DAK and regional loan.

2)   The variable of expenditure structure (X2) is an endogenous and intervening variable where diversity variables explained by other exogenous and endogenous in a model. The variables were measured based on indicators of regular budgets and development budget covering SOC and DPI. Regular budget was measured based on personnel expenditure budget items, spending on goods, maintenance, official travel and other expenditure. The development budget consisted of Social Overhead Capital (SOC) and Directly Productivity Investment (DPI).

3)   Variable local self-reliance (X3) is an endogenous and intervening variable. That varieble is measured based on ratio indicators of PAD toward APBD, APBD to GDP and PAD to GDP.

4)   Variable of the development of society socio-economic activity (Y1) is an endogenous or dependent variable. This variable is measured by such indicators as GDP, per capita income, employment, education and health.

4. LOCATION AND TIME OF RESEARCH

This research was conducted in all districts of Samarinda covering:

District of Downstrem Samarinda

District of Upstrem Samarinda.

District of North Samarinda.

District of Kunjang River.

District of Across Samarinda.

District of Palaran.

For the analysis purposes of determining the implementation of Sectoral Development in local self-reliance and the development of socio-economic activities in the era of local autonomy of Samarinda, it used the data after the implementation of autonomy, 2001 to 2003.

5. PROCEDURE OF DATA COLLECTION

Because some data was secondary data, procedures of collecting the data were conducted by the following way:

1. DATA COLLECTION PROCEDURES

Secondary data will be taken from BPS, BAPPEDA, DISPENDA and Finance Department at the Districts and Samarinda City. Such data were obtained from reports and books published by the District and Government of Samarinda, in which such data were relevant to this writing.

2. DATA COLLECTION

The collected secondary data were observed and discussed with policy makers and the data processing for validity, reliability, and accurate

6. DATA ANALYSIS

a. Test of quantitative research hypothesis with path analysis

The causality relationship in this study used non simple model that there is a variable of double role, as an independent variable in one relationship, but dependent variable on another relationship. Such form of relationship requires analysis instrument that be able to explain simultaneously, namely Path Analysis.

The reason for using path analysis:

1. The hypothesis to be tested was developed from the model (conceptual framework) that all relationship is asymmetric and a system, so the appropriate method is Path Analysis

2. Path Analysis provides direct methods related to multiple relationships simultaneously (structural model), thus providing efficiency of statistical analysis.

3. Its ability to examine the relationship comprehensively and provide a form of explanatory analysis transition towards confirmatory analysis. This transitional form is related to the effort of developing a view of problem in a more systematic and holistic ways. Such effort requires ability to test a chain relationship that make up the great model, a set of basic principles, or a comprehensive theory, it is suitable to be solved by path analysis.

4. Path coefficient calculation process is approached by regression analysis with standardized variables (standardize regression). Computing was done with SPSS 11.5 for Windows Rel

IV. ANALYSIS AND RESEARCH RESUILT

A. Results of Path Analysis

1. Testing of assumptions underlying Path Analysis

a. linearity

The approach refers to parsimony concept. The specifications of models used as the basis of the test are linear model, quadratic, cubic, inverse, logarithmic, power, S, compound, growth and exponential. The linearity testing results for each relationship of variables are summarized as follows.

Table 1: Testing of Linearity Assumption

Independent variable	Dependent variable	Testing result (a = 0.05)	Decision
Income structure	Expernditure structure	Significance of linear model	Linier
Income structure Expenditure structure	Local self-reliance Local self-reliance	All model nonsignificant All model nonsignificant	Linier Linier
Expenditure structur Local self-reliance	Socio-ekonomic development Socio-economic development	All models nonsignificant All models significanr	Linier Linier

The Table 1 shows that all forms of relationships between variables contained in the structural model are linear. Thus the assumption of linearity in the Path Analysis is met.

b. Only recursive model can be considered, means only the causal flow system to one direction

In accordance with the conceptual framework of Figure 3.2 and the research hypothesis, Figure 3.2, the structural model in this research does not contain reciprocal relationship. In other words, the structural model in this study is a causal model of one direction, so that the recursive model assumption is met.

c. Minimal endogenous variable with interval measuring scale

All variables in this research are latent variables, so prior path analysis is firstly conducted the factor analysis in Appendix X to obtain data from latent variable. The latent variable data of factor analysis results is the factor scores, where this data have scale interval and standard normal distribution. Thus assuming of endogenous variables with scale intervals is met.

d. Measurement instrument validity and reliability

In this study the data used is quantitative data, measurement results and not qualitative data based on perception. In addition, the data in this research is secondary data obtained from service revenues, so that the data is considered valid. Thus this assumption is not critical and can be fulfilled.

e. The analyzed models are specified (identified) correctly based on the relevan theories and concepts that are relevant

The model design in this research is based on the conceptual framework of the research. So, this assumption can be ensured fulfilled.

2. Structural model of effect of income and expenditure structure on local self-reliance and socio-economic development Structural model analysis of the effectof income and expenditure structure onlocal self-reliance and socio-economic development was conducted with Path Analysis. Hypothesis testing was done by looking at the parts on significant

structural model. To determine the significant paths of relationships (effect) can be seen in coefficients test of the parts partially, using t-test (f test). Partial test result on part coefficient of each part can be seen in Ficture 5.1 as follow:
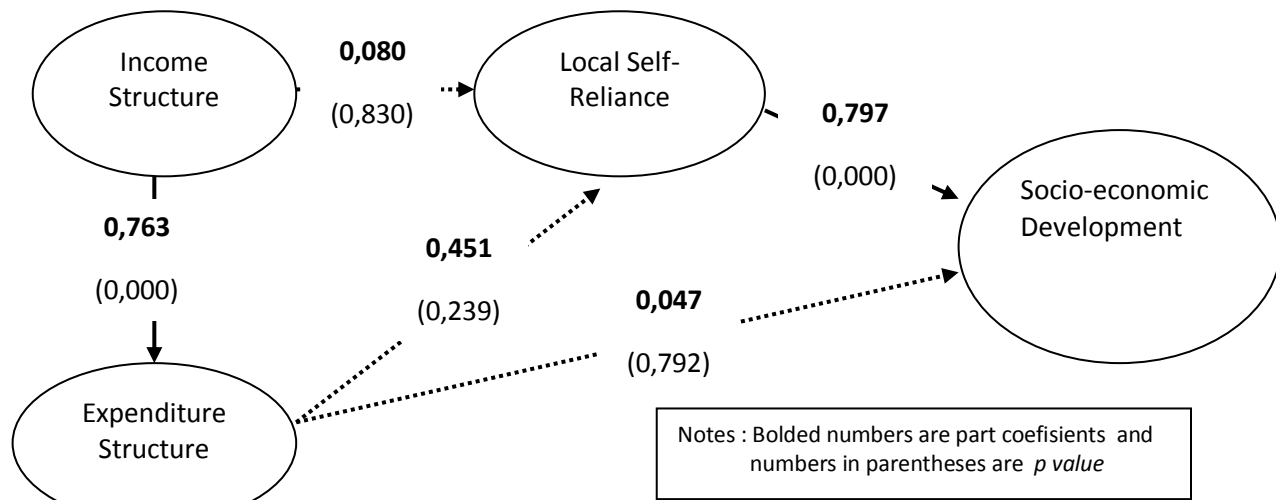

Ficture 1: Structural Model of Part Analysis Result

Based on the part analysis result in Ficture 1, the results of hypothesis test aere shown the Table 2 below:

Table 2 Test of Research hypothesis

Hypothesis	Independent variable	Dependent variable	Part Coeisient (p value)	Notes
H-1	Income structure	Expenditure structure	0,763 (0,000)*	Significant
H-2 H-3	Income strukture Expenditure structure	Local self-reliance Local self-reliance	-0,080 (0,830) -0,451 (0,139)	non significant non signifikan
H-4 H-5	Expenditure structure Local self-reliance	Socio-economic development Socio-economic development	-0,047 (0,792) 0,797 (0.0CO)*	non signifikan significant
Notes:	* = significant in a = 0,05 (5 %)			

Table 2 showed the effect of income structure on expenditure structure is significant. The effect was positive with path coefficient = 0.763, meaning the greater the income structure the higher the expenditure structure. The effect of expenditure structure on local self-reliance is non-significant, but there is a tendency to have negative effect with path coefficient = -0.451. This indicates the larger the expenditure structure, the lower the local self-reliance. The effect of local self-reliance on development of socio-economic is significant with path coefficient = 0.797. Thus, the higher the level of local self-reliance, the higher the level the development of socio-econpomic activity of the people.

V. DISCUSSION

Based on the analysis of research results, two approaches were conducted: for quantitative research hypothesis testing being used the Path Analysis and qualitative research of local self-reliance position being used the Descriptive Analysis conducted. Income structure derived from local original income and fund of balance from province and central government have effect on routine expenditure structure and development consisting of Social Interests Development/Social Overhead Capital (SOC) and Development of Generating Income/Directly Productivity Investment (DPI) in Samarinda. From the hypothesis that there is a significant effect of income structure on expenditure structure, with path coefficient = 0.763 and p = 0.000 at the degree of a = 0.05 (5%). It shows that the greater the income structure the higher the expenditure structure. Thus, the first hypothesis is significant.

Income structure derived from local original income and fund of balance from province and central government have effect on local self-reliance of Samarinda as measured by PAD/APBD, APBD/PDRB and PAD/PDRB. From the hypothesis the income structure has non-significance effect on local self-reliance, the path coefficient = -0.080 and p = 0.830 at the degree of a = 0.05 (5%). So, the second research hypothesis is non-significant. Routine Expenditure Structure and Development consisting of Social Interest Development/Social Overhead Capital (SOC) and the Development Generating Income /Directly Productivity Investment (DPI) in Samarinda have effect on local self-reliance of Samarinda as measured by PAD/APBD, APBD/PDRB and PAD/PDRB. The effect of Expenditure Structure on the local self-reliance is not significant, with a path coefficient = -0.451 and p = 0.239 at the degree of a = 0.05 (5%). Hence, the third hypothesis is non significant.

Routine Expenditure Structure and Development consisting of Social interest development/Overhead Capital (SOC) and Development Generating Income/Direcrtly Productivity Investment (DPI) in Samarinda have effect on the development of society socio-economic activity of Samarinda as measured by Gross Domestic Product, Per Capita Income, Labor, Education and Health.

The expenditure structure has no significance effect on the development of society socio-economic activity of Samarinda, with the path coefficient = -0.047 and p = 0.792 at the degree of a = 0.05 (5%). Therefore, the fourth hypothesis is non significant Local sel-reliance measured by PAD/APBD, APBD/PDRB dan PAD/PDRB has effect on development of Socio-economic Activity in Samarinda as measured by Gross Domestic Product, Per Capita Income, Labor, Education and Health. Local self-reliance has negative and significant effect on development of public socio-economic activity in Samarinda, with path coefficient = 0.797 and p = 0.000 at the degree of a = 0.05 (5%). Thus, the fifth hypothesis is significant.

CONCLUSION

The conclusion of this research is drawn as follows:

1. Income structure derived from local original income and fund of balance from province and central government have effect on routine expenditure structure and development in Samarinda. So there is a significant impact of income structure on expenditure structure with path coefficient = 0.763 and p = 0.000 at degree of a = 0.05 (5%). It shows that the greater the income structure the higher the expenditure structure. Thus, the first hypothesis is significant.

2. Income structure derived from local original income and fund of balance from province and central government have effect on local self-reliance of Samarinda as measured by PAD/APBD, APBD/PDRB and PAD/PDRB. So the income structure has non-significance effect on local self-reliance with path coefficient = -0.080 and p = 0.830 at the degree of a = 0.05 (5%). Thus, the second research hypothesis is non-significant.

3. Routine Expenditure Structure and Development consisting of Social Interest Development/Social Overhead Capital (SOC) and the Development Generating Income /Directly Productivity Investment (DPI) have effect on local self-reliance as measured by PAD/APBD, APBD/PDRB and PAD/PDRB. The effect of Expenditure Structure on the local self-reliance is not significant with a path coefficient = -0.451 and p = 0.239 at the degree of a = 0.05 (5%). Hence, the third hypothesis is non significant.

4. Routine Expenditure Structure and Development consisting of SOC and DPI have effect on society socio-economic developoment of Samarinda as measured by Gross Domestic Product, Per Capita Income, Labor, Education and Health. The expenditure structure does not affect public socio-economic developoment of Samarinda, with the path coefficient = -0.047 and p = 0.792 at the degree of a = 0.05 (5%). Therefore, the fourth hypothesis is non significant

5. Local self-reliance measured by PAD/APBD, APBD/PDRB dan PAD/PDRB has effect on Socio-economic Activity Development of Samarinda as measured by Gross Domestic Product, Per Capita Income, Labor, Education and Health. Local self-reliance has significant effect on the development of public socio-economic activity of Samarinda, with the path coefficient = 0.797 and p = 0.000 at the degree of a = 0.05 (5%). Thus, the fifth hypothesis is significant.

BIBLIOGRAPHY

[1]. Abdullah Rozali, 2000. Pelaksanaan Otonomi Lisas dan Isu Federalisme Sebagai Suatu Alternatif, Jakarta; Publisher: PT Raja Grafindo Persada

[2]. Effendi Bachtiar, 2002. Pembangunan Daerah Otonom Berkeadilan, Jakarta; Publisher: Media Offset

[3]. Gany Radi A, 2001. Menyongsong Abad Bant Pendekatan Pembangunan Berbasis Kemandirian Lokal, Makassar; Publisher: Hasanuddin University Press.

[4]. Josef R.K., 1991. Prospek Otonomi Daerah di Negara Republik Indonesia, Jakarta; Publisher: CV. Rajawali.

[5]. Kadariah. 1981. Pengantar Teori Ekonomi Makro, Jakarta; Penerbit Bina Aksara.

[6]. Kelana Said, 1996. Teori Ekonomi Makro, Jakarta; Penerbit PT Raja Grafindo Persada.

[7]. Reksohadiprodjo Sukanto, 1993. Ekonomi Perkotaan, Yogyakarta; Publisher: Economic Fakulty of Indonesia University.

[8]. Rahardja Pratama dan Mandala Manurung. 2001. Teori Ekonomi Makro, Jakarta; Publisher: Publisher: Economic Fakulty of Indonesia University.

[9]. Richardson, W, Harry. 1991. Dasar-Dasar llmu Ekonomi Regional. Jakarta; Publisher: Publisher: Economic Fakulty of Indonesia University.

[10]. Soedarsono W., 2000. Pembangunan Berbasis Rakyat, Jakarta; Publisher: Melati Bhakti Pertiwi..

[11]. Soeratno and Arsyad Lincolin. 1999. Metodoligi Penelitian Untuk Ekonomi dan Bisnis, Jakarta; Publisher: Publisher Unit and Printing of (UPP) AMP YKPN.

[12]. Solimun. 2004. Pengukuran Variabel dan Pemodelan Statistika Aplikasi SEM-AMOS dan WaSo, Malang; MIPA Fakulty and Postgraduate Program of Brawijaya University

[13]. Sukirno Sadono. 1976. Beberapa Aspek Dalam Persoalan Pembangunan Daerah, Jakarta; Publisher: Economic Fakulty of Indonesia University

[14]. Sumantri Suria. 1988. Metodoloqi Penelitian, Jakarta; Publisher: Ghalia Indonesia.

[15]. Swasono Sri Edi, 2001. Ekspose Ekonomika Globalisme dan Kompetensi Sarjana Ekonomi. Yogyakarta; Publisher: Centre of Pancasila Economic Study (Pustep) UGM.

[16]. Wibowo Arief. 2003. Pengantar Analisis Jalur (Path Analysis). Surabaya; Publisher: Research Institution of Airlangga University.