

ABSTRACT

Economic growth is essential in reducing poverty and creating employment. During five years the economic growth of Central Java rises , but this growth is relatively low among provinces in Java. This case is fundamental in formulating interregional policy and its solution must be found. Further research is needed to examine factors that determine economic growth in order to enhance economic growth.

This study aims to examine the impact of agglomeration, investment, working labor, and human capital investment to economic growth on regency/city in Central Java from 2004 to 2008. Model in this study is based on Solow Neoclassical growth model which are capital and labor factor. Data used in this study is panel data with fixed effect model approach.

The result of this study show that 80 persen of dependent variable variation able to explained by independent variables. The econometric analysis shows that agglomeration, investment, working labor, human capital investment have significant relationship with economic growth on regency/city in Central Java. The result were agglomeration was negatively influenced and significant, investment was positively influenced and significant, working labor was positively influenced and significant, and the human capital investment was positively influenced and significant to the economic growth on regency/city in Central Java.

Keywords: *Economic Growth, Agglomeration, Investment, Working Labor, Human Capital Investment.*