



**UNIVERSITAS ANDALAS**

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**THE EFFECT OF GOVERNMENT EXPENDITURE AND INVESTMENT  
ON INDONESIA'S ECONOMIC**

**UNDERGRADUATE THESIS**

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# **The Effect of Government Expenditure and Investment on Indonesia's Economic**

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## **ABSTRACT**

This study aims to explain how government expenditure and investment influenced economic growth in Indonesia. Indonesia is a developing country which is in the take-off stage where economic growth is quite high with the highest economic growth rate in ASEAN in the last five years. This research is a quantitative type with the data used is panel data in 2017 until 2021. The object of this research is the economic growth in Indonesia. The data used in this study is the Central statistics agency and Ministry of finance. The data processing tool is EViews. The analytical method used in this study is panel regression model. The result of the study shows that government expenditure in the form of education sector, health sector and infrastructure sector have a significant impact to economic growth. Meanwhile, investment in the form of foreign direct and domestic investment have not significant impact to the economic growth in Indonesia in 2017 until 2021.

Keywords: Government expenditure, Investment, Economic growth, Panel Regression Analysis

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