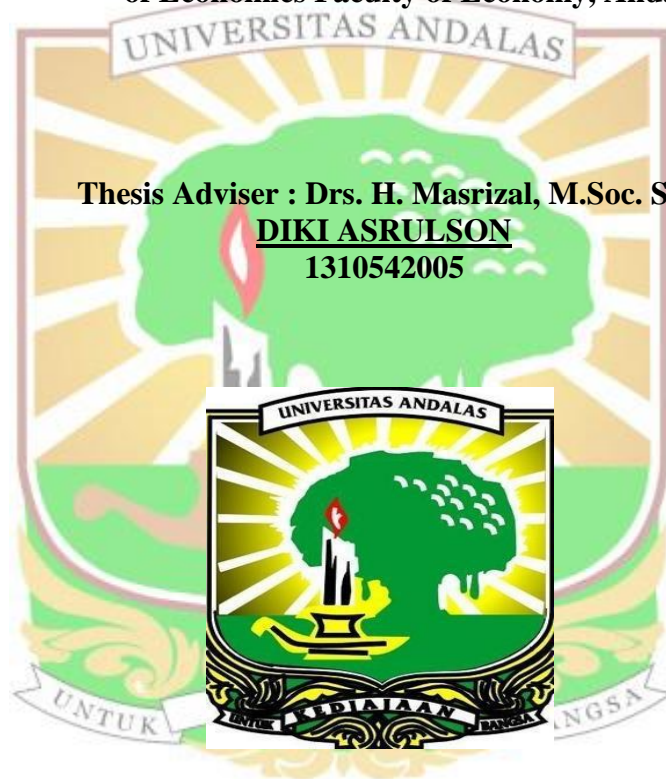


**THE IMPACT OF GOVERNMENT EXPENDITURE, EXCHANGE RATE
AND INTEREST RATE ON ECONOMIC GROWTH IN INDONESIA**

THESIS

**Prepared and submitted to fulfillment of the requirements to
achieve the Bachelor Degree of Economics in the Department
of Economics Faculty of Economy, Andalas University**



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THE IMPACT OF GOVERNMENT EXPENDITURE, EXCHANGE RATE AND INTEREST RATE ON ECONOMIC GROWTH IN INDONESIA




Thesis by: **Diki Asrulson** Thesis Advisor by: **Drs. H. Masrizal, M.Soc.Sc**

ABSTRACT

This study analyzes the effect of Government Expenditure (GExp), Exchange Rate (ER) and Interest Rate (IR) as economic growth measurement. Ordinary Least Square (OLS) is used to find the relationship between independent variables are Government Expenditure, Exchange Rate and Interest Rate with dependent variable Gross Domestic Product in Indonesia. The data are taken from 1995-2015 in Indonesia and clearly stated that Government Expenditure and Exchange Rate have positive and significant relationship with Gross Domestic Product (GDP) in Indonesia while Interest Rate have negative and insignificant relationship with Gross Domestic Product in Indonesia. The study recommended to use fiscal policy to increase the government expenditure in order to promote the economic growth in Indonesia.

Keywords: Government Expenditure, Exchange Rate, Interest Rate, Economic Growth, Ordinary Least Square

This thesis has been presented in the thesis examination and successfully passed the thesis examination on June 20th, 2017. The abstract has been approved by the advisor and examiners:

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