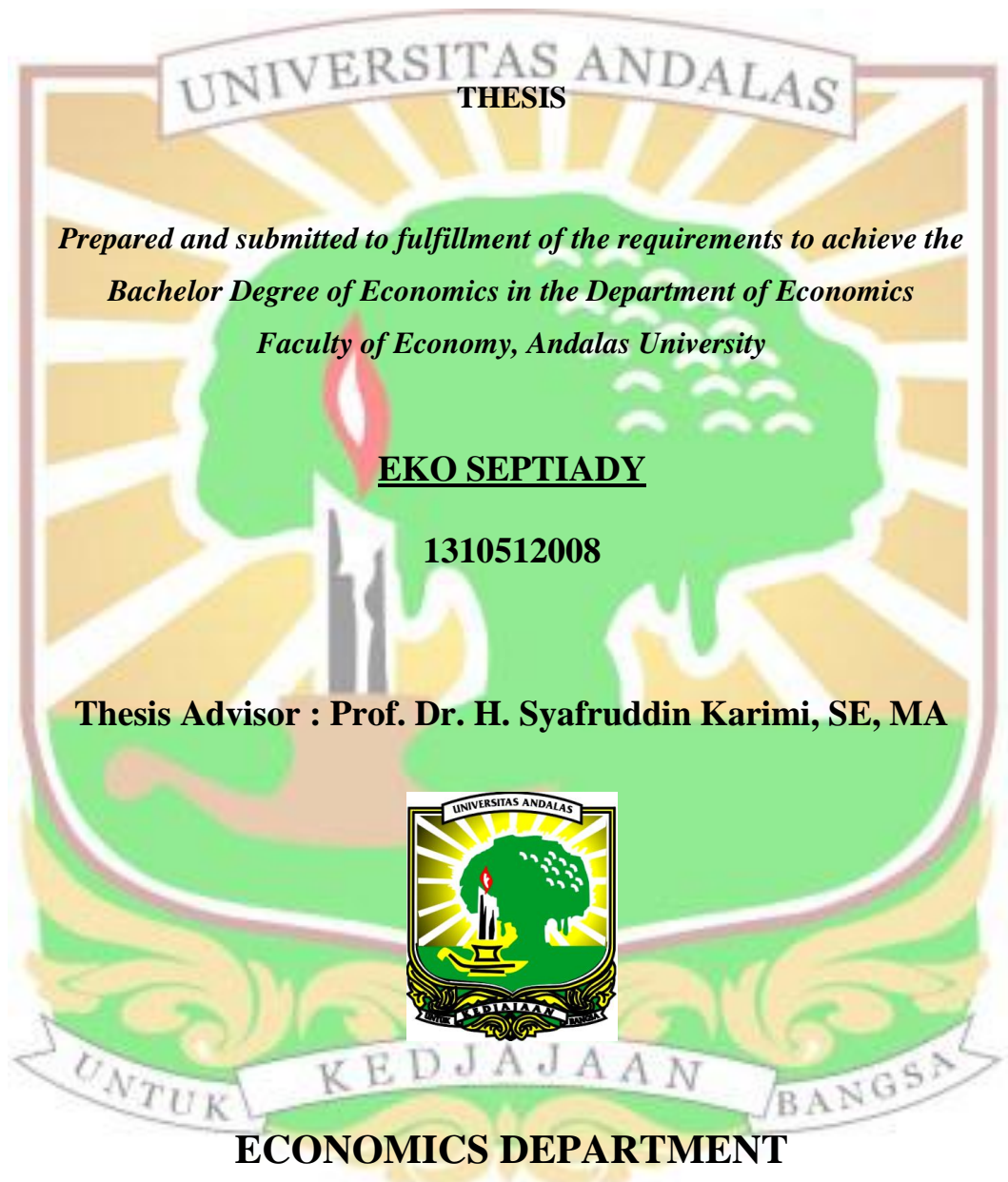


**THE IMPACT OF DOMESTIC INVESTMENT, FOREIGN
DIRECT INVESTMENT, AND EXTERNAL DEBT ON
ECONOMIC GROWTH IN INDONESIA**



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THE IMPACT OF DOMESTIC INVESTMENT, FOREIGN DIRECT INVESTMENT, AND EXTERNAL DEBT ON ECONOMIC GROWTH IN INDONESIA

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Abstract

This study investigates the impact of domestic investment, foreign direct investment, and external debt on economic growth in Indonesia from 1981 to 2015. Using Error Correction Model (ECM) analysis, the result shows the positive and significant relationship between domestic investment and foreign direct investment toward economic growth in short run and long run. In other hand, the result also shows the negative and significant relationship between external debt and economic growth in short run, then negative and insignificant relationship in long run. The study recommends that to stimulate capital inflow in order to boost economic growth and consider the strategic sector when utilizing the debt.

Keywords : Domestic investment, FDI, external debt, economic growth, ECM

