

## ABSTRACT

### **“ANALYSIS OF EFFECT OF LOCAL OWN SOURCE REVENUE AND GOVERNMENT SPENDING ON ECONOMIC DEVELOPMENT IN THE PROVINCE OF LAMPUNG 2000-2013”**

By

**Tria Dessi Putri**

This study aims to analyze the influence of Local Government Expenditure and Local Own Source Revenue to GDP Lampung Province with the study period of 2000-2013, with the variables of Government Investment per labor (proxied by government spending towards capital expenditure), Private Investment per Labor (proxied through the realization of domestic and foreign per Labor) and the realization of the PAD (Regional Original Revenue) per worker labor.

This research is simulated by the amount of government spending and the fact that the GDP result of Lampung province is very volatile and the value is far behind compared to other Provinces in the Sumatra Island in the same period of observation.

This study uses time series data in 2000-2013 and using regression analysis "Ordinary Least Squares" (OLS) use the Eviews Software. The findings of this study indicate that the labor force, private investment (domestic and foreign) and local government spending made a positive impact on development of the GDP Lampung Prvince.

The results showed that the Government Investment per labor (proxied by government spending towards capital expenditure) in the period 2000-2013 has a positive and significant impact on economic growth to economic growth Lampung Province. Private Investment per Labor (proxied through the realization of domestic and foreign per Labor) in the period 2000-2013 has a positive and significant impact on economic growth Lampung Province. realization of the PAD (Regional Original Revenue) per worker labor in the period 2000 to 2013 has a negative and significant impact on economic growth Lampung Province.

In an effort to increase the GDP, Lampung policy is needed to encourage interest investment for investing in the area. Development efforts should be directed to activities that are labor intensive to be able to absorb the labor force as much as possible. As well as appropriate fiscal policies in order to improve revenue realization. In the end, the role of local government through government spending to stimulate increased investment and variable absorption of the labor force is expected to increase local economic activity in order to achieve economic growth and increase capita income of the people.

**Keywords:** Economic Growth Lampung Province, the Government Investment Realization, Realization of Investment in domestic and foreign, regional revenue, labor, and government spending, Ordinary Least Squares (OLS).