

# **ANALYSIS GRANGER CAUSALITY BETWEEN ECONOMIC GROWTH, GOVERNMENT SPENDING AND INFLATION IN PROVINCE LAMPUNG**

**By**

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## **ABSTRACT**

This study aims to determine the long-term relationship on economic growth, government spending and inflation in Lampung Province. The data used are time-series data to the research period 1984 to 2013. The analysis used in this research is quantitative descriptive analysis method using three models, the first model of the variables of economic growth of government expenditure, economic growth against inflation variables and variable expenses government against inflation.

To see the long-term relationship that occurs between these three variables is done by using Granger causality test and Johansen cointegration test. Based on the results of cointegration test is known that there is a long-term relationship between economic growth and inflation and government spending to inflation, whereas between government spending and economic growth did not happen long-term relationship. In the Granger causality test shows that there is a bidirectional relationship between economic growth and inflation, occurring one-way relationship between economic growth and government expenditure, whereas government spending does not happen a two-way or one-way.

**Keywords:** economic growth, government spending, inflation, Granger causality, cointegration Johansen