ABSTRACT

ANALYSIS OF FACTORS THAT AFFECTING FOREIGN DEBT OF THE INDONESIAN GOVERNMENT (Period 1998 - 2012)

by :

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Implementation of national development can only work properly if supported by the availability of capital development. Its become a problem in the implementation of Indonesian development is inadequate conditions of capital construction. The Indonesian government tried to solve the problem by doing good debt policies from abroad and within the country. Government budget deficit has always been the main reason for the withdrawal of foreign loans, to achieve and create a just and prosperous society through national development.

This study aims to determine the effect of government expenditure, national income, and Government Budget Deficit towards Indonesian Foreign debt. The analysis used in this research is multiple linear regression, because the research was designed to investigate the effect of independent variables on depeden. The method used was Ordinary Least Square (OLS). The data used are time series data from 1998 to 2012. In this study, the processing of data using a computer program called E - Views 4.1.

Overall, National Income (PN), Government Expenditure (PP), and the Budget Deficit (DA) affect the Foreign Debt (ULN) of 69.50 %, in partial national income has a negative and significant impact on the Foreign Debt (ULN), and Government Expenditure (PP), and the Budget Deficit (DA) respectively - each affects positively and significantly to the variable Foreign Debt (ULN). The variable that has the largest contribution to the foreign debt is Budget Deficit (DA).

Keywords: Foreign Debt, National Income, Government Expenditure, and Budget Deficits