

ABSTRACT

INFLUENCE OF LOCAL INDEPENDENCE, ECONOMIC GROWTH, AND THE POPULATION OF THE LOCAL GOVERNMENT CAPITAL EXPENDITURE

By

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The purpose of this study is to demonstrate empirically of Influence of local independence, economic growth, and the population of the local government capital expenditure.

This study took the entire population of countries and cities on the island of Sumatera in the observation period from 2007 to 2011. The data used are secondary data obtained through the Director General of Fiscal Balance website and the Central Bureau of Statistics. Total population was 151 countries and cities, with Purposive Judgment Sampling Method obtained a sample of 45 countries and cities.

The result shows that: 1) local independence, economic growth, and the population simultaneously affect the local government capital expenditures, 2) local independence and the population is partially significant positive effect on local government capital expenditures, 3) economic growth does not significantly influence the local government capital expenditures.

Key words: local independence, economic growth, population, and the capital expenditure.