ABSTRACT

ANALYSIS EFFECT OF GOVERNMENT SPENDING AND ECONOMIC GROWTH TO FOREIGN GOVERNMENT INDONESIA LOAN PERIOD 1990 - 2011

By

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Foreign borrowing is a normal thing done by developing countries such as Indonesia. In addition to lack of resources as a solution to domestic capital. Foreign debt is one of the important sources of funding in the state budget that is used to cover the budget deficit. The foreign borrowing allows the government to increase spending is higher than that can be done. If used appropriately then the foreign loans will provide higher economic growth. Ntuk purpose of this research is to analyze how the effect of government spending and economic growth to the withdrawal of the Indonesian government foreign borrowing.

Results of regression models using Error Correction Model (ECM) showed differential Each increase of one billion in government spending will cause an increase in foreign loans amounted to 0.010446 billion dollars, hubunganini not significant. Each differential increase economic growth by one percent differential will cause a decrease in the withdrawal of foreign loans amounted to 2122.291 billion dollars. Government expenditure differential variables and economic growth differential jointly differential influence of foreign loans. Both of these variables can explain the differential variables of foreign loans by 81 percent, 19 percent is explained by other variables outside the research model.

Keywords: Economic Growth, Government Spending, Deficit, Foreign Loans, Error Correction Model