ABSTRACT

The availability of adequate infrastructure is a substantial factor in promoting econmic growth. One important type of infrastructure is transportation. This research aims to analyze the effect of land, sea, air transport on Indonesia's economic growth over the period 2001-2021. To answer the purpose of the research, this research used the Ordinary Least Square (OLS) regression method with the Panel Data-Fixed Effect Least Square Dummy Variable (LSDV) Model approach. The data structure used in this research covers the area of Semarang City.

This research included road length variables as representations of land transport, freight flow amount variables (dispatch and load) as representations of sea transport, aircraft flow amount variables (departure and arrival) as representations of air transport, and included Gross Regional Domestic Product (PDRB) variables as well. An important indicator of the economic conditions of an area in a given period, both on the basis of applicable prices and on the basis of constant prices.

Research result show that Transportation land, sea, air, gross regional domestic product (GDP) has a positive and significant effect on Indonesia's economic growth. The research results support the infrastructure led growth paradigm. Furthermore, the estimation results also indicate the importance of government budget support in providing adequate infrastructure. A good infrastructure will eventually provide positive spillovers to other economic activities.

Keywords : Economic growth, Infrastructure, Transportation, Fixed Effect LSDV Model.