

## **ABSTRACT**

*Economic growth is often regarded as the main benchmark of economic conditions, while economic problems are not only about the amount of GDP, because it can be a large GDP value, but a large portion of the large income value is only enjoyed by a small portion of Indonesian society, or it can be a value Large GDP is only concentrated in certain areas such as Java and Sumatra. The main problem in infrastructure development is the expensive cost of infrastructure development and its impact will be seen in the long term, therefore a country must choose between economic growth or reduce inequality where a country must choose to do infrastructure development in a strategic location to improve the overall economy or carry out infrastructure development in underdeveloped areas to reduce inequality.*

*This study uses GLS multiple panel regression and durbin spatial regression models to determine the impact of economic infrastructure represented by the length of roads, loading and unloading of ships and electricity and FDI on regional economies which are described through GRDP in 32 provinces in 2006 - 2015. Using the HAC method (Heteroskedasticity and Autocorrelation Consistent Standard Errors) in examining the impact of economic infrastructure on the Indonesian Williamson Index in the period 1985 - 2015. The results of the study show that infrastructure such road length, loading and unloading of ships and electricity has a positive and significant impact on the regional economy but does not have a significant impact on influencing inequality between provinces. Foreign Direct Investment has a positive and significant impact on the regional economy and has a significant negative effect on inequality between provinces. Furthermore spatial linkages between regions are shown by the Road Length, Electricity and FDI variables which positively correlate with the economy of the surrounding area.*

**Keywords:**     *Infrastructure, Regional Disparity, HAC, Spatial Panel Durbin Model, Data Panel, Time Series,*