

ABSTRACT

The success of development in a country can be seen from its economic growth which is reflected in GDP rate. Central Java is one of the provinces in Java that has abundant natural resources and human resources, but its economic growth is lagging behind. In order to increase economic growth, the cause of changes need to be identified.

The purposes of this research is to analyze the influence of capital expenditure, private investment, population, education, and health on economic growth in Central Java from 2010 to 2014. The used data include GDRP rate constant price, government capital expenditure, foreign investment and domestic investment, total population, average school years, and health facility that is hospital and public health facility. Data are processed using regression analysis of panel data with Fixed Effect Model Least Square Dummy Variabel (FEM LSDV).

The results show that increasing population and education will increase economic growth significantly. An increase in private investment from year to year can significantly reduce economic growth. Increased capital expenditures and health facility are insignificant to economic growth.

Keywords : Economic growth, capital expenditure, private investment, population, education, health, panel data