ABSTRACT

Inclusive growth is a main goal that each country want to achieve. The economic growth of a country will be stronger if it has sufficient facilities and infrastructure to support economic growth. Capital expenditure, inflation, and taxes are some of the factors that can affect a country's economic growth. The higher capital expenditure a country could make will support the economic growth, low inflation will lead the economic agents to further intensify economic activities, whereas when a country has a higher tax revenues it will be able to provide capital for the government so it can developt capital expenditures that will improve the economic growth.

This research is quantitative descriptive with multiple regression analysis with growth as the dependent variable. Capital expenditures, inflation and tax revenue are the independent variables, using time series data method from 1979 up to 2014.

The research show that each variable such as government capital expenditure ,tax revenue, and inflation have significant effect on Indonesia's economic growth. The Independent variables, together have a significant effect on the dependent variable (economic growth).

Keywords : capital expenditure, inflation, tax revenue, economic growth