

ABSTRACT

This research aims to give empirical evidence and find out the effect of economic growth, pendapatan asli daerah (PAD), dana alokasi umum (DAU) / general budget on capital expenditure (belanja modal) by considering pooled data.

The data used in this research taken from 2008-2010 and Regency / Municipality Governments recorded in table of Anggaran Pendapatan dan Belanja Daerah (APBD) by Direktorat Jendral Perimbangan Keuangan Indonesia.

The analysis found that Economic Growth and DAU have effect on capital expenditure (belanja modal), but PAD has no effect on capital expenditure (belanja modal).

Keywords : *APBD, capital expenditure, agency theory*