

ABSTRACT

To produce output required input in the production process that is capital and labor according to the Cobb-Douglas production function. One form of capital is infrastructure. Increase labor productivity also need infrastructure as means of support. Therefore, infrastructure considered important as a stimulant for economy. Infrastructure offers in central java considered less because there is a negative growth. Inappropriate infrastructure can hamper economy which describe in regional GDP.

The objective of this study is to analyze the impact of infrastructure on to regional GDP of Central Java and to analyze which infrastructure has the biggest impact. This study use secondary data of infrastructure and regional GDP in 35 city in Central Java. To analyze the impact, this study use regression on panel data with fixed effect method.

The result of this study shows the length of road, irrigation, the rate of education (Senior High School), public civil servants, and the development expenditure, have affect significantly to regional GDP of Central Java. Meanwhile, water, electricity, the rate of health (amount of bedroom in hospital) and housing positively affect regional GDP but not significant. Semarang city and Surakarta city has good regional PDB because their coefficient are positive, meanwhile the others cities are negative. The result of this study also founded the irrigation has the biggest impact.

Keywords : Infrastructure, Regional GDP, Regression on Panel Data