

ABSTRACT

Foreign direct investment is one of the alternative financing comes from abroad that can be used as additional financing in economic development in Indonesia.

The aim of this research is for analyzing the effect of GDP, interest rate, wages of workers, and total value exports on foreign direct investment in Indonesia during 1990-2009. This research using the secondary data and multiple linier regression models with ordinary least squares method.

From the results of the research show that interest rate have no significant influence on foreign direct investment in Indonesia, but GDP, wages of workers, and tota lvalue exports has a significant effect on foreign direct investment in Indonesia, with $\alpha=5\%$. GDP and total value of exports has a positive effect while interest rates and wages of workers have a negative effect toforeign direct investment in Indonesia.

Key Words : Foreign direct invesment, GDP, interest rate, wages of workers, and value of exports