

ABSTRACT

Subosukawonosraten regionalization area is one of the regionalization area which has higher economic growth compared to other regionalization areas in Central Java. During 2004 until 2008; the economic growth of Subosukawonosraten's (Surakarta, Boyolali, Sukoharjo, Karanganyar, Wonogiri, Sragen, Klaten) towns was fluctuative. This fluctuative growth might be influenced by labour, education level, and government expenditure. The amount of labour force that seek for job at Subosukawonosraten always increased while the number of labour forces absorbtion is very low. The high school and college graduate also increased from year to year but the number of labor absorbtion was smaller. Government expenditure in Subosukawonosraten has a consumptive characteristic.

The aims of this study is to analyze how labour, education level, and government expenditure influence economic growth in Subosukawonosraten. The data that used in this study is panel data (5 years time series data from 2004 until 2008 and 7 cross section data that represent Subosukawonosraten area, which resulted in 35 observations). The method used in this research is Least Square Dummy Variabel (LSDV).

The estimation result shows that labour, education level, and government expenditure has positive and significant effect towards economic growth in Subosukawonosraten area.

Keywords: economic growth, labour, government expenditure, Least Square Dummy Variabel (LSDV).