ABSTRACT

High economic growth is one of the main targets for a country. To achieve a high level of economic growth, it must be supported by the availability of adequate infrastructure, whether it is physical and social infrastructure. Therefore, infrastructure is seen to have an important role in encouraging economies in a country.

This study aims to determine the causality relationship between physical infrastructure and social infrastructure variables with economic growth. This study uses secondary data in the form of panel data in 10 ASEAN countries from 2008-2017. Data analysis tools used in this study are the Granger Causality Test and the Panel Vector Error Correction Model (P-VECM)

Based on the Granger Causality Test there is a bidirectional causality relationship between the electric power consumption (ELEC) and the economic growth (GDP) and there is also a bidirectional causality relationship between the health expenditure per capita (HEALTH CAP) and the economic growth (GDP), addition there is a one-way relationship (unidirectional) between the air transportation, cargo (AIR) and the economic growth (GDP). Based on the Panel Vector Error Correction Model (P-VECM) test there is a long-term relationship between the fixed telephone subscriptions (TELE) to the economic growth (GDP) with negative and significant effects, then there is a long-term relationship between the government expenditure for education (EDU) to the economic growth (GDP) with a positive and significant effect, then there is a long-term relationship between the health expenditure per capita (HEALTH CAP) to the economic growth (GDP) with a positive and significant effect and there is a long-term relationship between the health expenditure % of GDP (HEALTHGDP) to the economic growth (GDP) with a positive and significant influence

Keywords : Infrastructure, Physical Infrastrucure, Social Infrastructure, Economic Growth, ASEAN, Panel Vector Error Correction Model (P-VECM),Granger Causality Test, Panel Data