

ABSTRACT

The development of a country require a huge expense. Indonesia as a developing country relies on funds originating from abroad in overcoming the financial problems of the constructions, affected by government savings that is unable to meet the needs for financing domestic development. This study aims to analyze the effect of foreign debt, foreign investment, and receipt of remittances on Indonesia's economic growth.

This study uses a quantitative approach. The data used is in the form of secondary Indonesian data from 1990 - 2019. The data analysis technique in this study uses time series data analysis with the ECM (Error Correction Model) model to analyze the effects by long and short term.

The results of this study indicate that in the long term, foreign debt, foreign investment, and receipt of remittances have a positive and significant effect. In the short term, foreign debt and remittance receipts have a negative and insignificant effect, while the foreign investment variable has a positive and significant effect on economic growth. This study suggests that the government needs to improve good governance and that the allocation of foreign debt is prioritized in the digital economy.

Keywords: GDP, External Debt, Foreign Investment, Remittances, and Error Correction Model (ECM)