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Economic Growth: Can be Influenced by Exports, Inflation, and Government Expenditure on ASEAN-7 Countries during the AFTA Period?

Frans Simatupang* and Marselina Marselina

Abstract: The increase in the economy can be seen from the increase in export activities and government spending that have an impact on the increase in foreign exchange. The existence of inflation has an impact on the weakening of people's economic activities so that it has an impact on the weakening of the country's economy. However, inflation has a positive impact on a country's exports. The study analyzed the effect of exports, inflation and government expenditure on economic growth in ASEAN-7 countries from 2015 to 2019. Using Panel Data analysis method with RE model (Random Effect Model) as the best model used. The results of this study indicate a positive and significant relationship between exports and government expenditure on economic growth in ASEAN-7 countries, while inflation has a significant negative influence on economic growth in ASEAN-7 countries.

Keywords: Economic Growth; Exports; Government Expenditure; Inflation; Panel Data

JEL Classification: F10; E31; E62

AFFILIATION:
Department of Development Economic, Faculty of Economics and Business, Universitas Lampung, Lampung, Indonesia

***CORRESPONDENCE:**
simatupangfrans76@gmail.com

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Introduction

The role of government is very important for the economy of a country in order to increase economic growth. According to Marselina and Enzovani (2020), economic growth is largely determined by the role of the government because the role of the government can have a positive effect on economic growth. The government has 3 functions, namely the function of allocation, distribution, and stabilization. In addition, the government plays a role in allocating part of the state's finances in order to minimize inflation with public goods, resulting in increased economic growth. This is supported by Surjaningsih et al. (2012) that there is a negative relationship between government expenditure and inflation, where if government expenditure increases, the inflation of a country decreases. This has a positive effect on economic growth because according to Keynes's theory and Stokman's theory of inflation, if a country's inflation has decreased, then economic growth has increased and vice versa. However, if the economic life of the community is more prosperous, there is an increase in consumption, but the source of production is limited, resulting in an

increase in the price of goods and an impact on rising inflation and a negative externality for the economy of the community, which has an impact on declining economic growth.

Economic growth is the process of increasing the per capita output of a country sustainably in the long term (Adianto, 2011). Optimal economic growth has an impact on increasing economic activity and an increase in the utilization of available sources of funds (Nasir & Sari, 2015). In measuring economic growth, it can be measured through an important indicator of national income in economic growth, namely GDP or Gross Domestic Product. According to Azwar (2016) that in an effort to increase economic growth can be measured by national income, if national income increases, it can increase economic growth, and vice versa. Then, the same thing was stated by Ronaldo (2019) that the increasing gross domestic product (GDP) reflects the improving economic growth and vice versa. In this study using GDP on the basis of constant price as an indicator variable of economic growth (proxy variable of economic growth) because GDP on the basis of constant price can analyze economic growth from year to year. This is in line with Purnamasari (2018) that GDP on the basis of Constant Prices is used to determine the ability of resources to encourage real economic growth from year to year. In addition, Karlina (2017) stated that economic growth as a macro performance indicator and its calculation comes from the deviation of Gross Domestic Product (GDP).

Factors affecting economic growth are exports. This export activity plays an important role for the economy of a country due to a country that has the advantage of a product that cannot be produced by other countries, the country can export so as to increase the foreign exchange of a country that exports goods needed by other countries (Silaban & Rejeki, 2020). When referring to Keynes's Theory, The Theory of absolute advantage proposed by Adam Smith (Setiawati, 2021), supported by Jaya (2014); (Febriyanti, 2019); and (Siregar et al., 2019) that the existence of export activities can positively and significantly affect economic growth. However, inversely proportional to Ronaldo (2019) stated that exports have a significant and negative effect on economic growth because what has increased is the value of exports that has increased due to an increase in the price of export goods, but the volume of exports has not increased (stagnant).

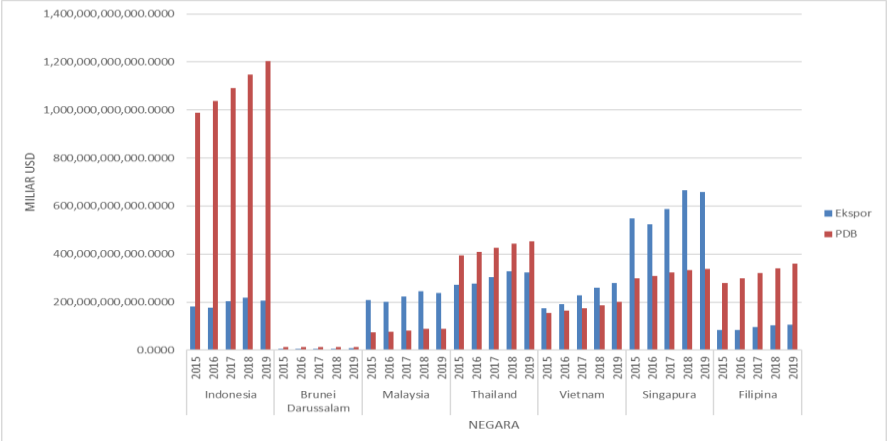

Figure 1 Export relationship and Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries.

In Figure 1, there is a fluctuating movement between exports and Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries. There is a positive relationship between exports and Gross Domestic Product (GDP) such as the Philippines with the movement of exports from 2015 – 2019 which has increased so as to encourage Gross Domestic Product (GDP) to increase in the same year. In addition to the Philippines, Vietnam's exports have increased so that it has a positive effect on the country's Gross Domestic Product (GDP) and has a positive impact on economic growth. Then, Brunei Darussalam's economy experienced this due to a decrease in Brunei Darussalam's exports of 5.65 billion USD in 2016, which caused a decrease in Brunei Darussalam's Gross Domestic Product (GDP) of 13.30 billion USD. However, Brunei Darussalam's exports in 2017 – 2019 increased so that it had a positive effect on Brunei Darussalam's Gross Domestic Product (GDP) from 2017 – 2019. This is in accordance with Keynes's theory and The Theory of absolute advantage proposed by Adam Smith (Setiawati, 2021) that there is a positive relationship between exports and Gross Domestic Product (GDP) where increasing exports of a country can increase national income so that the rate of economic growth of a country increases. Then supported by Jaya (2014); Febriyanti (2019); and Siregar et al. (2019) that the existence of export activities can positively and significantly affect economic growth. However, inversely proportional to Indonesia that the value of exports in 2015 of 182.16 billion USD experienced a slowdown in 2016 of 177.89 billion USD which negatively affected the Gross Domestic Product (GDP) of Indonesia in 2015 of 988.13 billion USD which increased in 2016 of 1,037.89 billion USD. In line with Indonesia, Malaysia's exports in 2015 of 209.29 billion USD experienced a slowdown in 2016 of 201.16 billion USD which negatively affected Malaysia's Gross Domestic Product (GDP) in 2015 of 73.15 billion USD which increased in 2016 which reached 77.35 billion USD. It happened to Singapore and Thailand that with a slowdown in export growth but an increase in the Gross Domestic Product (GDP) of Singapore and Thailand. Ronaldo (2019) stated that exports have a significant and negative effect on economic growth because what has increased is the value of exports that has increased due to an increase in the price of export goods, but export volumes have not increased (stagnant).

In addition to exports, the government must maintain the level of inflation. Rising inflation can increase the level of inequality and lower the rate of economic growth. According to the Central Statistics Agency (2014) that inflation as a percentage rate of increase in the price of a number of goods and services that are generally consumed by households. Inflation can be measured by calculating the ratio of the Consumer Price Index. The Consumer Price Index is one of the indicators in measuring the inflation rate of a country and provides information regarding the average development of changes in the price of goods or services that are generally consumed by households within a certain period of time (Riski & Triyono, 2018). According to Stockman's inflation theory (1981) that the negative relationship between inflation and economic growth caused by inflation causes the purchasing power of money so that steady state levels of output become weak and have an impact on declining economic growth. In line with Stockman's theory, Keynes's theory; Karlina (2017); Putri (2021); Larasati and Sulasmiyati (2018) argues that inflation causes economic growth in a country to slow down, and vice versa. In line with Karlina, according to Kala (2018) that inflation has a negative and significant impact on economic

growth in Indonesia. However, according to Silaban and Rejeki (2020), inflation has a positive and significant effect on Gross Domestic Product (GDP). The same thing according to Attari and Javed (2013) that inflation has a direct relationship with economic growth or gross domestic product in Pakistan. The same thing is stated by Mahmoud (2015) that there is a direct relationship between inflation and Mauritania's economic growth. Then according to Umaru et al. (2012) that inflation has a positive effect on the economic growth of Nigeria so that there is a debate about the relationship between inflation and economic growth. The debate over the relationship between inflation and economic growth initially began in 1950 in Latin America. According to structuralist experts that inflation is positively related to economic growth so that inflation is very important for economic growth, but the opposite is stated by monetarist experts that inflation is negatively related to economic growth supported in 1970 with increasing inflation, economic growth in Latin America has decreased significantly (Erbaykal & Okuyan, 2008).

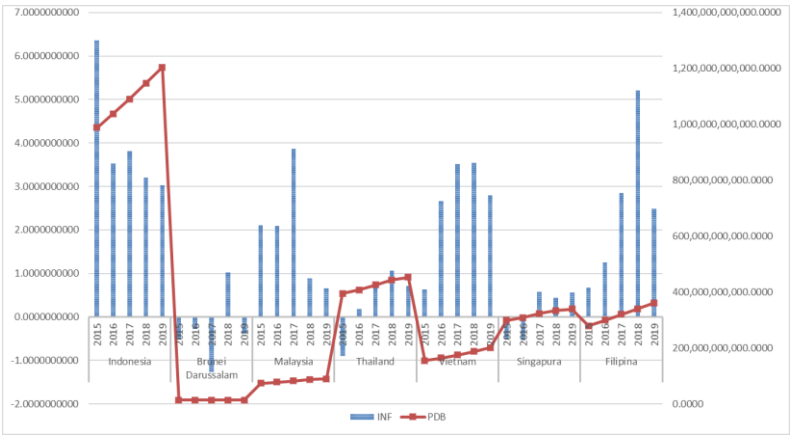

Figure 2 The relationship between inflation and Gross Domestic Product (GDP) as an indicator variable (proxy) for economic growth in ASEAN-7 countries.

In Figure 2, there is a negative relationship between inflation and economic growth in ASEAN-7 countries such as Brunei Darussalam with the inflation rate in 2017 experienced a slowdown of -1.26% but has a positive effect on Gross Domestic Product (GDP) in 2017 of 13.48 billion USD although Brunei Darussalam GDP is the lowest of 6 ASEAN countries others. Then, Singapore with inflation weakened in 2016 by -0.53%, but the Gross Domestic Product (GDP) in 2016 increased by 308.90 billion USD. In line with Singapore, Malaysia with inflation experienced a slowdown from 2018 – 2019 so that it had an impact on Gross Domestic Product (GDP) which increased from 2018 – 2019. This is in accordance with the theory of inflation Keynes and Stockman by Sattarov (2011); Karlina (2017); Kala (2018); Putri (2021); Larasati and Sulasmiyati (2018) that with inflation negatively affect economic growth where the decline of inflation it can increase economic growth and vice versa. However, the opposite happened in the Philippines with inflation in 2015 – 2018 increasing and positively affecting the Gross Domestic Product (GDP) of the Philippines from 2015 – 2018. In line with the Philippines, Vietnam's inflation which increased from 2015 – 2018 experienced an increase that had a positive impact on Vietnam's Gross Domestic Product (GDP). This is in accordance with Silaban and Rejeki (2020); Attari and Javed (2013); Mahmoud (2015) and Umaru et al. (2012) that there is a direct and positive

relationship to the economic growth of a country but not in accordance with the theory of inflation Stockman.

government expenditure is the application of the allocation function which allocates part of the state's finances in order to increase economic growth. In accordance with the theory of Samuelson-Nordhaus pioneered by Paul Samuelson and William D Nordhaus that the role of government in allocating funds can provide goods needed by society so as to increase economic growth (Nur & Naldi, 2016). In addition, according to the Keynesian view that an increase or decrease in government expenditure causes an increase or decrease in the national income of a country (Dumairy, 2006). This is supported by Case and Fair (2007) because government expenditure can positively affect the aggregate output (revenue) (Y). Likewise, supported by Sujianto and Azmi (2020); Purnamasari (2018) that government expenditure has a positive and significant impact on Gross Domestic Product as an indicator of a country's economic growth. In addition, Alshahrani and Alsadiq (2014), government expenditure has a positive impact on economic growth due to increased government expenditure, economic growth has increased. This is in line with the opinion of Al-Masaeed and Tsaregorodtsev (2018) that statistically government expenditure affects significantly and positively on Jordan's economic growth. But the opposite is stated by Husnain et al. (2011), government expenditure has a negative relationship to economic growth in Pakistan because most of government expenditure is only associated with non-development spending such as government expenditure in the defense sector as well as interest payments on debt in Pakistan which has the effect of ignoring physical capital and human capital and hindering economic growth. This is in line with research from Wahyuni (2004) which results that statistically government expenditure negatively and significantly affect the economic growth of Asia Pacific countries because the consumption component has a dominant role in government expenditure although it can offset in terms of Public Investment.

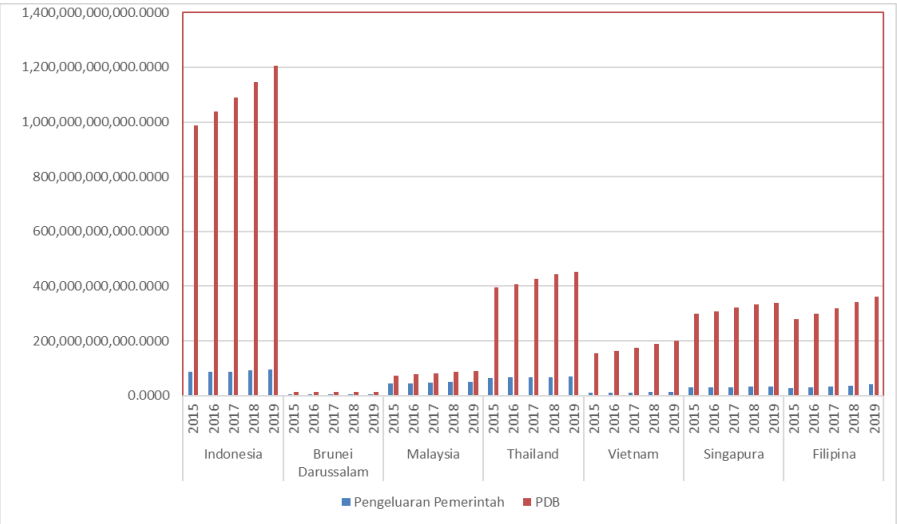

Figure 3 The relationship between government expenditure and Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries.

In Figure 3, there is a positive movement between government expenditure and Gross Domestic Product (GDP) in ASEAN-7 countries from 2015-2019. Most of the government spending in 7 ASEAN countries has increased from 2015 – 2019 so that it has a positive impact on Gross Domestic Product(GDP), as in Thailand as the second highest country in 7 ASEAN countries with government expenditure from 2015 to 2019 increased so as to increase the Gross Domestic Product (GDP) of Thailand from 2015 – 2019. In line with Thailand, government expenditure of Malaysia, the Philippines, Singapore and Vietnam increased from 2015 – 2019, resulting in an increase in GDP. This is in accordance with the theory of Samuelson-Nordhaus and Keynesian that with increasing government expenditure it has a positive impact on the positive impact on the economic growth of a country but in line with the results of research from Sujianto and Azmi (2020); Purnamasari (2018), Alshahrani and Alsadiq (2014), Al-Masaeed and Tsaregorodtsev (2018: 158) that the government expenditure has a positive impact on GDP or economic growth. However, inversely proportional to Indonesia and Brunei Darussalam due to government expenditure Indonesia and Brunei Darussalam in 2016 experienced a slowdown but Gross Domestic Product (GDP) in 2016 increased, so it is not in accordance with the Samuelson-Nordhaus theory. This is in accordance with the results of research from Husnain et al. (2011) and Wahyuni (2004) that not always government expenditure can affect economic growth positively, government expenditure can also have a negative impact on economic growth if not used to increase the countries productivity.

This study aims to analyze the impact of exports, inflation and government expenditure on the economic growth of ASEAN-7 countries, either partially or jointly affect economic growth from 2015-2019 (the start of the AFTA or ASEAN Economic Community)

Research Method

This research is quantitative descriptive that is research that describes an event that occurs at the moment and can solve the event with existing data. This study used secondary data in the form of data that has been published by the relevant agencies. Then, this study uses 7 Southeast Asian countries that joined ASEAN until 1995 and has complete data on the World Development Indicators website. This study uses the year 2015-2019 as a research time due to the implementation of the ASEAN Economic Community (AEC) or ASEAN Free Trade Area (AFTA). ASEAN-7 countries namely: Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei Darussalam, and Vietnam.

Then, this study uses panel data regression model. Here's the panel data model:
GDP = f(export, INF, GE)

Then from the function an equation is made so as to produce:

$$PDB = \beta_0 + \beta_1 EKSPOR_{it} + \beta_2 INF_{it} + \beta_3 GE_{it} + \varepsilon_{it} \quad \text{.....} \quad (1)$$

Where :
GDP = Gross Domestic Product (GDP) as an indicator variable (proxy) of Economic growth (USD)
EKSPOR= Export (USD)
INF = inflation using CPI ratio (%)
GE = Government Expenditure (USD)
ε_{it} = Error Term
I = number of observations or cross sections
t = time or time series

Because of the equation the existence of one of the variables with different units of measurement such as inflation by using the unit of measure percent (%) and not in accordance with the unit of measure in the GDP variable and other independent variables, so it is uniform by using the natural logarithm (Ln) and produce the equation:

$$LnPDB = \beta_0 + \beta_1 LnEKSPOR_{it} + \beta_2 INF_{it} + \beta_3 LnGE_{it} + \varepsilon_{it} \quad \text{.....} \quad (2)$$

In the panel data regression model there are 3 types of approaches, namely:
a) Common Effect Model (CEM)
b) Fixed Effect Model (FEM)
c) Random Effect Model (REM)

To find out which regression model approach is best then tested with 3 tests, namely:
a. Chow Test (Likehood Test Ratio), is a test of the panel data regression model where the test tests 2 approaches, namely the CEM and FEM approach which can be formulated as follows:
   H_0 = Common Effect Model ; if Chi-Square table value > Chi-Square calculate value
   H_a = Fixed Effect Model; if Chi-Square table value < Chi-Square calculate value.
b. Haussman Test, is a test of the panel data regression model where the test tests 2 approaches, namely FEM and REM approach which can be formulated as follows:
   H_0 = Random Effect Model ; if Chi-Square table value > Chi-Square calculate value
   H_a = Fixed Effect Model; if Chi-Square table value < Chi-Square calculate value
c. Lagrange Multiplier Test, is a test of the panel data regression model in which the test tests 2 approaches, namely CEM and REM approach which can be formulated as follows:
   H_0 = Common Effect Model ; if Chi-Square table value > Chi-Square calculate value
   H_a = Random Effect Model ; if Chi-Square table value < Chi-Square calculate value.

If the three Tests produce that the CEM or FEM model is the best regression model approach, then it should use classical assumption testing (OLS). If the result is that REM is the best model approach, it can use GLS testing or can not use OLS testing. However, this study still uses classical assumption testing (OLS). Classical assumption testing is done to determine the presence or absence of classical assumption deviation from the results of research in regression which includes:

a Normality Test

Aims to test whether the residue is scattered normally or not. In this study used Jarque Berra Normality Test. In this method is based on a large sample that is assumed to be asymptotic in addition, the statistical value of JB is based on the distribution of Chi square with the degree of freedom (df) = 2
H_0 = normally distributed residue
H_a = abnormally distributed residue

b Multicollinearity Detection

Multicollinearity detection is a test used to see the relationship between independent variables and dependent variables in a study (Gujarati & Porter, 2009). The initial indication is with a high standard error while the statistical t value is low. In addition to these initial indications, multicollinearity can be seen from the high value and high count F value, while the statistical t value is not significant. Multicollinearity can be detected by Variance Inflation Factor (VIF) method. There are several types in detecting multicollinearity, namely:

* Low Multicollinearity, said to be low if the value of VIF is vulnerable value between 1 to 5 (1 ≤VIF ≤ 5)
* Medium multicollinearity, said to be moderate if the value of Vif is vulnerable value between 5 to 10 (5 ≤VIF ≤ 10)
* High multicollinearity, said to be high if the value of VIF is approximately equal to 10 (VIF ≥ 10)

In order to know the value of VIF it can use the formula:

$$VIF_{123} = \frac{1}{(1-r^2_{123})}$$
$$VIF_{213} = \frac{1}{(1-r^2_{213})}$$
$$VIF_{312} = \frac{1}{(1-r^2_{312})}$$

c Autocorrelation Test

Autocorrelation is the relationship or correlation between members of one observation with other observations that differ in time. In relation to the assumption of OLS method, autocorrelation as the relationship between one error with another error (Widarjono, 2018). Autocorrelation can also be caused because of the bias specification or because one of the independent variables in the regression equation is the lag value of the dependent variable.

To detect the presence of autocorrelation, here are the things that can be done:
a. Pay attention to the value of Durbin-Watson (DW) statistics. From the estimation results, it is known that the statistical DW value is relatively small, with an example that is below 1 or above 3 then the existence of autocorrelation. This is supported by

Durbin-Watson in Field (2018) that by obtaining the value of DW below 1 or above 3 it becomes a concern and concluded the existence of autocorrelation. The assumptions used in the Durbin-Watson autocorrelation test are:
H_0: There is no autocorrelation (1 > D, 3)
H_a : There is autocorrelation (D < 1 atau D > 3)

b. In addition, to determine the value of Durbin-Watson can use the following table:

Table 1 Durbin-Watson d statistical test

Statistical value D	Result
$0<d < D_L$	reject null hypothesis; positive autocorrelation
$D_L<d< D_U$	area of indecision; no decision
$D_U< d<4-D_U$	fail to reject null hypothesis; no positive/negative autocorrelation
$4-d_U< d<4- d_L$	area of indecision; no decision
$4-d_L<d < 4$	rejects null hypothesis; no negative autocorrelation

Source: Widarjono, 2018.

d Heteroscedasticity Test

Heteroscedasticity is an advantage in which all disorders that appear in the population regression function do not have the same variant. Heteroscedasticity test can be done in many ways as can be done to determine the problem of heterocedasticity using the White method. The assumptions used in the heterocedasticity of the White method are
H_0 : no heteroscedasticity (Obs * Chi-Square count < Chi-Square table)
H_a : there is heteroscedasticity (Obs * Chi-Square > Chi-Square table)

To test the hypothesis can use testing:

a t-Test

T test is a hypothesis testing used to test each independent variable. If the T-statistic is greater than the T-table, then H_0 is rejected. In the t test using one direction (one tailed).
t test on export
$H0_{(1)}$: $\beta_1 \leq 0$: exports negatively and significantly affect economic growth in ASEAN-7 countries.
$Ha_{(1)}$: $\beta_1 > 0$: exports have a positive and significant effect on economic growth in ASEAN-7 countries.

t test on inflation
$H0_{(2)}$: $\beta_1 \geq 0$: inflation has a positive and significant effect on economic growth in ASEAN-7 countries.
$Ha_{(2)}$: $\beta_1 < 0$: inflation negatively and significantly affects economic growth in ASEAN-7 countries.

t test on government expenditure
$H0_{(3)}$: $\beta_1 \leq 0$: government expenditure negatively and significantly affects growth economy in ASEAN-7 Countries.
$Ha_{(3)}$: $\beta_1 > 0$: government expenditure has a positive and significant effect on growth economy in ASEAN-7 countries.

b F – test, is a hypothesis testing used to test the whole.
Test F is a hypothesis testing used to test the entire independent variable that affects the dependent variable.
$H_0 : \beta_1 = \beta_2 = \beta_3 = 0$: It is alleged that exports, inflation and government expenditure together do not significantly affect economic growth in the ASEAN-7 countries.
$H_a : \beta_1 \neq \beta_2 \neq \beta_3 \neq 0$: It is alleged that exports, inflation and government expenditure together significantly affect economic growth in ASEAN-7 countries.

c. Determination analysis (R^2) test

Analysis of coefficient of determination (R^2) as an analysis used with the aim of measuring the size of the ability of the regression model in explaining the independent variable to the dependent variable. The value of the coefficient of determination in the study is between 0 (zero) to 1 (one). If the value of the coefficient of determination approaches or reaches the number 1, it can be said that the independent variable as a variable that is needed in estimating the dependent variable. Conversely, if the value of the coefficient of determination approaches or reaches zero (0), it can be said that the independent variable is not the variable used in estimating the dependent variable (Sugiyono, 2018). In order to determine the interpretation of the value of the coefficient of determination can be seen in Table 2.

Table 2 Interpretation Values Of The Coefficient Of Determination (R^2)

Interpretation	Of The Relationship Coefficient
0.000 - 0.199	Very Low
0.200 - 0.399	Low
0.400 - 0.599	Medium
0.600 - 0.799	Strong
0.800 - 1.000	Very Strong

Source: Sugiyono, 2018

Result and Discussion

Descriptive Statistics

Ghozali (2013) defines descriptive statistics as statistics that describe or describe a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtois and skewness. Descriptive statistics aims to provide an overview or description of the data object based on the data that has been obtained. Descriptive statistics on more detailed data can be described in Table 3

Table 3 Descriptive statistics of ASEAN-7 countries

	LNPDB	LNEKSPOR	INF	LNGE
Mean	25.97469	25.67080	1.600707	24.01798
Median	26.42460	26.06697	1.025052	24.21080
Maximum	27.81705	27.22413	6.363121	25.26823
Minimum	23.31114	22.45531	-1.260506	21.84031
Observations	35	35	35	35

In Table 3, the average LNPDB (Gross Domestic Product) in ASEAN-7 countries is estimated at 25.975% or the average GDP of 347.29 billion USD. The highest gross domestic product (GDP) was in Indonesia in 2019 at 27,817% or 1,204.46 billion USD. This is due to the fact that in 2019 there were legislative and executive election activities that influenced the increase in government expenditure in 2019 by 94.16 billion USD and supported by Indonesian inflation, it decreased in 2019 by 3.03%. Conversely, the lowest gross domestic product (GDP) was in Brunei Darussalam at 23.31% or 13.30 billion USD in 2016. This is because Brunei Darussalam's exports in 2016 decreased from 2015 which amounted to 5.65 billion USD and Brunei Darussalam's inflation in 2016 increased by -0.28% which caused a slowdown in Brunei Darussalam's Gross Domestic Product (GDP). Then, Brunei Darussalam government spending in 2016 also experienced a weakening of 3.06 billion USD. The average export in ASEAN-7 countries is 25.671% or 235.49 billion USD with the highest export value being in Singapore in 2018 at 27.22410% or 665.72 billion USD and the lowest being in Brunei Darussalam with export value in 2016 at 22.45531% or 5.65 billion USD. In addition, the average inflation (INF) in ASEAN-7 countries is 1.60%. The highest inflation occurred in Indonesia in 2015 at 6.36% and the lowest inflation occurred in Brunei Darussalam in 2017 at -1.26%. The average government expenditure (LNGE) in ASEAN-7 countries is 24. 018% or 40.14 billion USD. The highest government expenditure of 25.2682% or 94.16 billion USD was in Indonesia in 2019 and the lowest government expenditure of 21.8403% or 3.06 billion USD was in Brunei Darussalam in 2016.

Panel Data Model Specification

The first step in analyzing the data is to test the model specifications on the panel data. Test specification model data panel aims to determine the best model used and in the test to the next stage. There are 3 Tests of panel data model specifications, namely Chow Test, Haussman test and LM test. The Chow test can be addressed in Table 1.

Table 4 Chow Test Results

Effects Test	Statistic	d.f.	Prob.	Table	Conclusion
Cross-section F	3317.191657	(6,25)	0.0000		
Cross-section Chi-square	233.835446	6	0.0000	12.59	FEM

Based on Table 4 that obtained the value of $\chi^2_{Calculate}$ the probability Ratio test or Chow test of 233.835446 with d.f. by 6 so that the obtained$^2_{table}$ by 12.59 then reject H_0 because of the Table $\chi^2_{Table} < \chi^2_{Calculate}$. It is statistically that the fixed effect model as the best model is used rather than the common effect model.

Table 5 Haussman Test Results

Test Summary	Chi-sq. Statistic	Chi-sq. d.f.	Prob.	Tabel	Conclusion
Cross-section random	1.041755	3	0.7911	7.81	REM

Based on Table 5 that obtained the value of $\chi^2_{Calculate}$ from the test of Correlated Random Effects - Haussman Test or Hausman test of 1.041755 with d.f. by 3 so that the obtained χ^2_{Table} by 7.81 then receive H_0 because of the Table $\chi^2_{Table} > \chi^2_{Calculate}$. Statistically, the Random Effect model is the best model used instead of the Fixed Effect model.

Table 6 Breusch Pagan-Godfrey (Lagrange Multiplier) Test Results

Test Hypothesis				Conclusion
	Conclusion	Time	Both	
Breusch-Pagan	59.81941	2.551778	62.37119	
	(0.0000)	(0.1102)	(0.0000)	REM

Based on Table 6 that obtained the value of $\chi^2_{Calculate}$ from Lagrange Multiplier Tests for Random Effects or LM test of 59.81941 with d.f. of 2 to obtain χ^2_{Table} of 5.99 then receive H0 because $\chi^2_{Table} < \chi^2_{Calculate}$. Statistically, the Random Effect model is the best model used instead of the Common Effect model. It can be concluded that the REM model (Random Effect Model) is the best model approach so it is required to use GLS testing. However, this study still uses the classical assumption Test (OLS) as a test of whether the data is suitable for use.

Classical Assumption Test (OLS)

The next step is to perform a classic assumption test on the REM model (Random Effect Model). There are 4 types of classical assumption testing, namely normality, multicollinearity detection, autocorrelation Test, and heteroscedasticity Test.

Table 7 Normality Test Results

Test Summary	Chi-sq. Statistic	Chi-sq. d.f.	Alpha	Table	Conclusion
Jarque-Bera	3.585753	2	5%	5.99	Normal Data

Based on Table 7 obtained the value of $\chi^2_{Calculate}$ (Jarque-berra value) from the normality test of 3.585753 with d.f. by 2 so that the obtained χ^2_{Table} of 5.99 then receive H_0 because of the table of $\chi^2_{Table} < \chi^2_{Calculate}$. Statistically, the Random Effect model is a model with normal data.

Table 8 Multicollinearity Detection Results

Variabel	Nilai VIF
C	None
LNEKSPOR (Export)	3.197
INF (Inflation)	1.064
LNGE (Government Expenditure)	3. 282

Based on Table 8, the value of VIF in lnexport (export) variable is 3.197, the value of VIF in inflation variable is 1.064 and the value of VIF in export variable is 3.282. Statistically, these three variables are included in the low multicollinearity.

Figure 1 Autocorrelation Test Results

Based on Figure 1 with k of 3 obtained the value of d_W from the autocorrelation test of 1.146 and smaller than the value of D_U and smaller than the value of D_L. Statistically, the Random Effect model as a model that goes into positive autocorrelation. According to Widarjono (2018) the existence of autocorrelation is due to interference variables from the same company or country in different periods are correlated with each other so that the occurrence of autocorrelation. However, according to Field (2018) that by obtaining the value of DW below 1 or above 3, it becomes a concern and it is concluded that there is autocorrelation. So it can be said that the brake model is free from autocorrelation.

Table 9 Multicollinearity Detection Results

Test Summary	Chi-sq. Statistic	Chi-sq. d.f.	Alpha	Table	Conclusion
Heteroscedaticity	1.86291	3	5%	7.81	Heteroscedasticity-Free

Based on Table 9 that obtained the value of $\chi^2_{Calculate}$ (value $N*R^2$) of heteroscedasticity test of 1.86291 with d.f. by 3 so that the obtained χ^2_{Table} of 7.81 then receive H_0 because of the Table $\chi^2_{Table} > \chi^2_{Calculate}$. Statistically, the Random Effect model is a model with heteroscedasticity-free data.

Hypothesis Test

In this t test using one-way test (one-tailed) with the following test results:

Table 10 t test results

Variable	t-statistic	t-table	Description	Conclusion
LNEKSPOR (Export)	2.995363	1.694	Significant	Reject H_0
INF (Inflation)	-2.586017	-1.694	Significant	Reject H_0
LNGE (Gov Expenditure)	6.047558	1.694	Significant	Reject H_0

Based on the T test with a significance level of 5% obtained

Based on Table 10 obtained the value t statistics > LNEKSPOR (Export) t table then reject H_0. Statistically, export, inflation and government expenditure variables have significant effect on the economic growth of 7 ASEAN countries. LNEKSPOR (Export) and Government Expenditure indicate a positive and significant influence on economic growth in ASEAN-7 countries. But, inflation indicate a significant negative influence on economic growth in ASEAN-7 countries.

In this F test using one-way test (one-tailed) with the following test results:

Table 11 F test Results

F-statistic	d.f 1	d.f. 2	Alpha	Tabel	Conclusion
81.75661	3	32	5%	2.90	Reject H_0

Based on Table 11 obtained the value of F statistics > F table then reject H_0. Statistically, the variables of exports, inflation and government expenditure together significantly affect the economic growth of ASEAN-7 countries.

Determination Analysis (R^2) Test

Table 12 Determination Analysis (R^2) Test Results

R-squared	decision
0.887791	Very Strong

Based on Table 12 that the value of the coefficient of determination (R^2) is 0.887791 or 88.7791%. It can be explained that at 88.7793% of economic growth variables are influenced by exports, inflation and government expenditure, while at 11.2207% that economic growth is influenced by other factors that are not explained in this study. Then it can be explained that the variables of exports, inflation and government spending have very strong relationship to economic growth in ASEAN-7 countries.

Discussion Of Research Results

Based on testing the model specification on panel data both CHOW Test, Hausman test and LM test that the REM model (Random Effect Model) is the best model approach used with the following estimation equation:

$LNPDB_{it} = 3.7368 + 0.2176\ LnEKSPOR_{it} – 0.012\ INF_{it} + 0.6941\ LnGE_{it}$
Note: significant on the Omegle = 5%

$PDB_{it} = 41.9641 + 1.2431\ LnEKSPOR_{it} – 0.012\ INF_{it} + 2.0019\ LnGE_{it}$

The value of the constant (c) in the estimation equation is 3.7368, which means that if the variables of exports, inflation, and government spending do not increase or are constant, the economic growth (LNPDB) ASEAN-7 countries reaches 3.7368% or 41.9641 billion USD. The estimated coefficient of export variable (LNEKSPOR) 0.2176is 0.2176 which means that if exports increase by 1%, The Economic Growth (LNPDB) of ASEAN-7 countries increased by 0.2176% or 1.2431 billion USD, ceteris paribus. The estimated coefficient of inflation variable (INF) is -0.012 which means that if inflation increases by 1%, The Economic Growth (LNPDB) of ASEAN-7 countries decreased by 0.012%, ceteris paribus. The estimated coefficient of government expenditure variable (LNGE) is 0.6941 which means that if government expenditure increases by 1%, The Economic Growth (LNPDB) of ASEAN-7 countries has increased by 0.6941% or by 2.0019 billion USD, ceteris paribus.

In the REM model, there is an individual effect value, which is the result of the sum of the random Effect model (REM) constant value and the random Effect constant value of 7 ASEAN countries. The value of individual effect of ASEAN-7 countries are as follows.

Table 13 Individual Effect Values of ASEAN-7 countries

Country	Effect	Individual Effect	Individual Effect (Anti LN)
Indonesia	0.872866	4.6097	100.4505935
Brunei Darussalam	-0.53356	3.2032	24.61207066
Malaysia	-1.33229	2.4045	11.07302533
Thailand	-0.00417	3.7326	41.78878491
Vietnam	0.438125	4.1749	65.03496186
Singapore	0.09831	3.8351	46.29852023
Filipina	0.460722	4.1975	66.52128689
Average		3.7368	

Based on Table 13, there is Individual Effect a positive Individual Effect value in ASEAN-7 countries although there are differences in values caused by differences in regional characteristics, differences in government systems, and differences in treatment in 7 ASEAN countries and the average value of Individual Effect from ASEAN-7 countries is 3.7368 and is a constant value of the results of the study. There are 4 ASEAN countries with the highest individual Effect value from the average individual Effect value of ASEAN-7 countries, namely Indonesia, the Philippines, Vietnam, and Singapore. Indonesia as the country with the highest individual Effect value in ASEAN-7 countries is 4.61 while Malaysia as the country with the lowest individual Effect value is 2.40.

Based on the estimated results obtained the estimated value of exports of 0.2176 which means if exports increased by 1%, the economic growth (LNPDB) ASEAN-7 countries increased by 0.2176% or 1.2431 billion USD, ceteris paribus. This result is in accordance with Keynes theory, The Theory of absolute advantage proposed by Adam Smith (Setiawati, 2021), supported by Jaya (2014); Febriyanti (2019); and Siregar et al. (2019) that the existence of export activities can positively and significantly affect economic growth. As Philippine exports in 2015 amounted to 83.38 billion USD increased in 2016 amounted to 84.99 billion USD so that the impact on the Gross Domestic Product (GDP) of the Philippines in 2015 amounted to 279.30 billion USD increased in 2016 amounted to 299.27 billion USD, and in 2017 to 2019 experienced the same so that the Philippine GDP in 2017 to 2019 has increased. The same thing happened in Vietnam with exports in 2015 amounting to 173.49 billion USD increased in 2016 by 192.19 billion USD which had a positive impact on Vietnam'S GDP in 2015 by 154.51 billion USD increased to Vietnam'S GDP in 2016 by 164.10 billion USD and occurred again from 2017 to 2019.

Based on the estimated results obtained the estimated value of inflation of -0.012 which means if inflation has increased by 1% then economic growth (LNPDB) ASEAN-7 countries decreased by 0.012%, ceteris paribus. These results are in accordance with Stockman's theory of inflation (1981), Keynes's theory, then supported by Karlina (2017), Putri (2021), Larasati and Sulasmiyati (2018) argue that inflation causes economic growth in a country to slow down, and vice versa. As Indonesia's inflation in 2015 amounted to 6.36% decreased in 2016 by 3.53%, thus impacting Indonesia's Gross Domestic Product (GDP) in 2015 by 988.13 billion USD increased in 2016 by 1,037. 86 billion USD, and in 2017 Indonesia's inflation by 3.81% decreased in 2018 by 3.20% so that Indonesia'S GDP in 2017 amounted to 1,090.48 billion USD increased in 2018 by 1,146.90 billion USD. The same thing happened in Malaysia with inflation in 2015 of 2.10% decreased in 2016 by 2.09%

which had a positive impact on Malaysia'S GDP in 2015 of 73.15 billion USD increased to Malaysia'S GDP in 2016 of 77.35 billion USD and occurred again from 2017 to 2019.

Based on the estimation results of the REM model (Random Effect Model), the estimated value of government expenditure 0.6941is 0.6941 which means that if government expenditure has increased by 1%, The Economic Growth (LNPDB) of ASEAN-7 countries has increased by 0.6941% or by 2.0019 billion USD, ceteris paribus. These results are in accordance with The Theory of Samuelson - Nordhaus theory pioneered by Paul Samuelson and William D Nordhaus that the role of government in allocating funds can provide goods needed by society so as to increase economic growth (Nur & Naldi, 2016). In addition, according to the Keynesian view that an increase or decrease in government expenditure causes an increase or decrease in the national income of a country (Dumairy, 2006). Then supported by Sujianto and Azmi (2020); Purnamasari (2018), Alshahrani and Alsadiq (2014), Al-Masaeed and Tsaregorodtsev (2018 : 158) that government expenditure has a positive impact on GDP or economic growth. Such as Singapore with government expenditure in 2015 amounting to 28.65 billion USD increased in 2016 by 29.75 billion USD which has a positive impact on Singapore'S GDP in 2015 by 298.94 billion USD increased to Singapore'S GDP in 2016 by 308.90 billion USD and occurred until 2019.

Conclusion

Economic growth is influenced by exports where Keynesian theory and absolute advantage theory are explained by Adam Smith (Setiawati, 2021) that there is a positive relationship between exports and economic growth where increasing exports of a country can increase national income so that the economic growth rate of a country increases. In addition to exports, the government must maintain the inflation rate. Rising inflation can increase the level of inequality and decrease the rate of economic growth. Keynes stated that inflation occurs because the demand for a good exceeds the amount of goods available so that scarcity occurs and has an impact on the increase in prices of these goods. If it happens in the short term that inflation affects positively to economic growth. However, if inflation occurs continuously and increases in the long term, it can negatively affect the economic growth of a country (Lubis, 2014). The role of the government is very important for the economy of a country regardless of the economic system adopted and has a share that leads the private sector to minimize the increasing inequality of society and increase economic growth. In the current economic system, the government has 3 functions or roles, namely the function of allocation, distribution, and stabilization. In the allocation function, the government plays a role in allocating part of the state's finances in order to prosper people's lives, can reduce or minimize inflation so as to increase economic growth. In the Stabilization Function, government intervention in the economy is needed to reduce inflation and increase trade activities such as exports to several countries that can improve welfare so as to encourage economic growth for the better. As government spending increases, so does economic growth. However, if the economic life of the community is increasingly prosperous, there is an increase in consumption but limited production resources so that an increase in the price of goods and have an impact on rising inflation and become a negative externality for the community's economy so

that the impact on the decline in Gross Domestic Product and result in weakening economic growth. This study aims to analyze the impact of exports, inflation and government expenditure on the economic growth of ASEAN-7 countries, either partially or jointly affect economic growth from 2015-2019 (the start of the AFTA or ASEAN Economic Community). This study uses references from Agus Eko Suyanto and Muhammad Fajar Ulil Azmi with the title "Associative Study on Government Spending, Inflation, Trade Balance, and Gross Domestic Product". However, this study has updates such as analyzing the impact of exports, inflation and government spending on ASEAN countries during the implementation of the AEC or AFTA by using quantitative descriptive research methods. Then, in this study using a sample of ASEAN-7 countries because to have economic strength both in terms of exports and manage government spending well. The ASEAN-7 countries are Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei Darussalam and Vietnam.

Based on the REM (Random Effect Model) estimation, there is a significant positive relationship between exports and economic growth, which means that if exports increase, it causes an increase in Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries, ceteris paribus. This result is in accordance with The Theory of Keynes's theory for an open economy that exports as one component of national income and has a positive effect on national income due to an increase in investment both public and private investment in increasing government learning through multiplier numbers through national income in an open economy (Boediono, 1993) in line with Keynes's theory, according to the absolute advantage theory proposed by Adam Smith (Setiawati, 2021) that a country has a product advantage that is not owned by other countries, then the country that has a superior product will export to a country that does not have the product so that it brings benefits to a country and encourages economic growth. Jaya (2014) argues that when exports increase, it has an impact on increasing the national income of an Indonesian country so that it has a positive impact on domestic products of Indonesian products. The same thing was stated by Febriyanti (2019) that with export activities, the demand for goods and services has increased and employment has increased so that it has a positive impact on the Gross Domestic Product (GDP) of a country and encourages better economic growth. In addition, Siregar et al. (2019) stated that exports have a positive and significant effect on economic growth caused by developing the production of goods and services to the international market in the form of exports, it can indirectly increase economic growth. Based on the results of REM (Random Effect Model) estimation, there is a significant negative relationship between inflation and economic growth of ASEAN-7 countries, which means that if inflation increases, it causes a slowdown in Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries, ceteris paribus. This result is in accordance with The Theory of inflation Stockman (1981) that the negative relationship between inflation and economic growth caused by inflation causes the purchasing power of money so that the steady state level of output becomes weak and has an impact on declining economic growth. In line with Stockman's theory, Keynes stated that inflation in the short term that inflation affects positively to economic growth. However, if inflation occurs continuously and increases in the long term, it can negatively affect the economic growth of a country (Lubis, 2014). According To Karlina(2017); Daughter (2021); Larasati

and Sulasmiyati (2018) and Sujianto and Azmi (2020) that inflation causes economic growth or GDP in Indonesia to slow down due to weak productive investment, still dependence on import activities so that imports exceed exports in a country and the number of unemployed so that the weakening of economic activity in a country. According to Kala (2018), inflation has a negative and significant impact on economic growth in Indonesia. Based on the REM (Random Effect Model) estimation results, there is a positive and significant relationship between government expenditure and economic growth, which means that if government expenditure increases, the Gross Domestic Product (GDP) as an indicator variable (proxy) of economic growth in ASEAN-7 countries, ceteris paribus. This result is in accordance with the Samuelson-Nordhaus theory that the existence of fiscal policies both tax revenues and government spending can reduce unemployment and inflation, thereby promoting economic stability and have an impact on better economic growth. Then, according to the Keynesian view that an increase or decrease in government expenditure causes an increase or decrease in the national income of a country (Dumairy, 2006). This is supported by Case and Fair (2007) because government expenditure can positively affect aggregate output (y). Likewise, it is supported by Sujianto and Azmi (2020); Purnamasari (2018) that government expenditure has a positive and significant impact on Gross Domestic Product as an indicator of calculating a country's economic growth. In addition, Alshahrani and Alsadiq (2014), government expenditure has a positive impact on economic growth due to increased government expenditure, economic growth has increased. This is in line with the opinion of Al-Masaeed and Tsaregorodtsev (2018 : 158) that statistically government expenditure affects significantly and positively on Jordan's economic growth.

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