DOI https://doi.org/10.18551/rjoas.2016-12.07

GOVERNMENT EXPENDITURE, ECONOMIC GROWTH AND MANPOWER ABSORPTION ANALYSIS OF REGENCIES AND CITIES IN SOUTH SUMATRA, INDONESIA

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ABSTRACT
The economic growth is necessary to increase prosperity and regional economic performance. For major component of economic growth on the demand side is the value of investment and government expenditure. Therefore, investment and government expenditure has a strategic role in improving the performance of regional economy. In line with that matter, this study was aimed to determine the relationship of government expenditure simultaneously with the economic performance of the regencies/cities in South Sumatra province. The data used is secondary data obtained from the Central Statistics Agency (BPS) of regencies/cities in the province of South Sumatra, Bank Indonesia, and the General Director of Fiscal Balance (DJPK) of Indonesia Republic. The analytical method used was multiple regression panel data using simultaneous equations. The results showed: government expenditure, investment and labor altogether significantly affects economic growth; the variables of economic growth, fiscal capacity, general allocation funds and the number of labor altogether affect government expenditure; and the variables of economic growth, government expenditure, wages and the number of investment altogether affect employment. This study has a limitation in a variety of variables that affect government expenditure, because it is for more research needs to re-inventory the variables that affect government expenditure, including variable Special Allocation Fund (DAK).

KEY WORDS
Government expenditure, economic growth, labor absorption.

Local government efforts to boost economic growth through policies including expenditures for purchasing of goods and services that will drive the increasing demand in the economy. Empirical studies of relationship between government expenditure on economic growth show different results, it was revealed from the study Purbadharmaja (2006) and Sodik (2007) which shows the government expenditure contributed to a real and positive impact on economic growth.

In 2001-2005, economic growth in South Sumatra achieved 5.36 percent, and slightly contracted in 2006-2010, with an average growth of 7.08 percent as the global economic crisis of 2008. The year 2011 shows the national economic recovery grew 7.6 percent and South Sumatera also grew but at a lower level that is equal to 5.9 per cent. This economic performance gives hope for the improvement of regional economies in the future.

The increasing of economic conditions also reflected on regional growth in capital expenditure. South Sumatra Province capital expenditure in 2000-2005 grew by 35.74 per cent, followed by Banten province grew by 29.95 percent, Jambi province grew by 17.19 percent, Bangka Belitung grew by 10.61 percent and Lampung grew 3.6 percent.

The increasing of economic growth and capital expenditure reflects the higher economic activity driven by the community and government, so it is expected to have impact to raise aggregate demand. Aggregate consumption in 2000-2009 grew at an average of 5.73 percent. Household consumption played a major role in accelerating the growth of aggregate consumption, contributing around 87 per cent, or 60.81 percent to the GDP of South Sumatra in 2009.

The number of local government expenditure depends on the reception area. The higher number of local reception, the higher tendency of local government will allocate the

expenditure and vice-versa. Areas that have a high income tend to have high expenditure too. But the magnitude of expenditure allocation per sector remains highly dependent on local government policy which in this case is represented by the local government and the Regional Representatives Council.

Furthermore, when viewed from the side of expenditure or shopping areas, the average growth in shopping areas in 15 regencies/cities reached 31.04 percent, generally the average shopping areas from 2005-2009 the highest average growth rate shopping areas are East OKU regency, which reached 48.90 percent and the lowest was Palembang city with 19.85 percent.

However, when viewed from the level of local independence from 15 regencies/cities in South Sumatra Province from 2005-2009, as measured by the ratio of revenue (PAD) and sharing profit fund (DBH), towards regional expenditure, appeared that its development was still very small. In 2005-2009, the average of independence ratio was 0.41 or 41.00 percent. This figure showed that the average regional fiscal independence only contributed to regional expenditures was 41.00 percent. Meanwhile, if viewed by the average value of the contribution rate of the region's autonomy to regional expenditure in 2005-2009, the highest was Musi Banyuasin regency with 0.89, or 89 percent, and the lowest was OKI regency with 0.24 or 24 percent. This showed that the level of fiscal independence Musi Banyuasin region was already quite high, while the degree of fiscal independence OKI was still very low.

Correspondingly, in order to reduce inequalities in the financing needs and the control of taxes between central and local governments had been handled by the financial balance between the central and regional governments, especially from General Allocation Fund (DAU) will provide certainty for the regions in obtaining financial sources to finance expenditure needs which are its responsibility.

Based on the description and objective conditions in the field of government expenditure in the context of the regional economy as well as some research results had been carried out earlier, then it is necessary to conduct a study related to the influence of local government expenditure on the performance of the regional economy in the regencies/cities of South Sumatra province. Indicators of economic performance in cities/regencies can be approximated by the condition of local fiscal capacity, the size of the GDP, and rising employment.

LITERATURE REVIEW

Regional Autonomy. Law No. 23 of 2014 regulate in detail about local government. The law authorizes very significantly to the regional administration. The authority of the central government were not transferred to the local government is foreign policy, defense, security, justice, monetary, national fiscal, and religion (Article 10, paragraph 3).

The regional autonomy policy is intended in order to accelerate the improvement of public welfare. However, in this case a lot of research has focused on regional autonomy with the results vary varied.

Fiscal Decentralization. In the implementation of fiscal decentralization, based on Law No. 33 of 2004, the income area in the implementation of decentralization consists of local revenue and financing. It was also stated in article 5 of Law No. 33 of 2004 that the local revenue comes from revenue (PAD), balance funds, and other local revenue legitimate. While the financial sources of the substantial number of local budgets, loan of region, regional reserve fund, and the separated sale of the wealth of areas. The magnitude of the reception area will determine government expenditure.

Zhang and Zou (1996) conducted research in China and discovered the phenomenon that the income derived from the fiscal and then used for the purposes of local government expenditure has yet managed to boost economic growth. The inability to increase economic growth means that do not affect the level of welfare. In addition, they found that fiscal decentralization was regarded as one of the threats to national macroeconomic stability.

Rodriguez-Pose and Kroijer (2009) conducted a study on the relationship between the level and form of fiscal decentralization and economic performance in Eastern Europe and

Central Europe by using regression model. The result was that fiscal decentralization is negatively correlated with economic growth rates, local government, and local taxes.

Local Revenue. Local revenues consist of local taxes, levies, separated local wealth management results and other legitimate income areas. By legislation local revenues are earned by local regulations in accordance with the legislation. The purpose of the local revenue was to give authority to local governments to fund the implementation of regional autonomy in accordance with the potential of the area as the embodiment of decentralization.

Fiscal policy through an increase in the tax rate will have an impact on the business world, which in turn affects the employment absorption or unemployment. Less mobile labor, which is usually the unskilled workers, will be affected by the increase in tax rates.

Balance Fund. Balance fund is a component of the reception area which is quite large. The balancing fund consists of revenue-sharing, the general allocation fund, and special allocation funds. According to Law No. 33 of 2004, Balance Fund is aimed at reducing the fiscal gap between government and local government. The size of the funding balance of the budget is set annually in the State Budget.

Sharing revenue was comprised of sharing-revenue tax, sharing profit fund no-tax allocation fund general and special allocation funds. This sharing revenue funds consist of funds sharing sourced from taxes and natural resources. General Allocation Fund (DAU) has an understanding as funds from the state revenue-expenditure budget (APBN) allocated to a particular region with the aim to help fund special activities of local affairs in accordance with national priorities. Special Allocation Fund (DAK) is a fund sourced from APBN allocated to a certain region with the aim to help fund special activities of regional affairs and in accordance with national priorities.

Construction Model about Development of Government Expenditure:

Wagner Law. Wagner's Law is a law linking government expenditure to gross domestic product growth, known as "The Law of Expanding State Expenditure". In principle, it says that in the long term there is a tendency of the public sector will grow relative to national income. The development of government expenditure will be greater as a percentage of Gross National Product (GNP). Mangkusubroto (2013) says that in an economy where income per capita increased in relative terms, the government expenditure will also increase. Wagner's Law is formulated as follows:

$$\frac{P_k PP_1}{PPK_1} < \frac{P_k PP_2}{PPK_1} < \ \ldots \frac{P_k PP_n}{PPK_n}$$

Description: PKPP = Government expenditures per capita; PPK = Income per capita; 1,2, ..., n = Duration (years).

Peacock and Wisman Theory. Peacock and Wisman (1961) say about the development of public expenditure based on the view that the government is constantly trying to increase expenditure while people do not like to pay taxes to finance growing government expenditure. Peacock and Wiseman stated that people have a tolerance level of the tax or the level of people's willingness to pay taxes. The tolerance level of this tax is an obstacle for the government to raise the tax levy arbitrarily.

Government expenditure is a policy of the government to finance the local construction included in the cost of the regional administration. In other words, local government expenditure is expenditure that is used to finance development in various fields, including in this case is the social, economic, governance, culture, order, tranquility, and so that is the task of government in general.

Economic Growth. Economic growth generally has terms of increasing output of goods and services in a certain area and is usually measured by the growth of the value of Gross Domestic Product (GDP). In this case there are three major factors or components that are important in the economic growth of a country or region (Todaro and Smith, 2006). The first is how much the level of capital accumulation that covers all forms or types of new investments to be allocated in the economy. The second is how large the population growth rate will increase the number of labor generation and the third is the level of technology

advance that will directly influence the production process and ultimately will increase the quantity of production. Almost the same as Todaro and Smith (2006), Romer (2001) suggested that growth theory, Solow model focuses on four variables, namely: output (Y), capital (K), labor (L) and Knowledge or the effectiveness of labor (A), its growth model formulation is as follows:

$$Yt = F (Kt, At, Lt)$$

This formula shows that the dominant factor in the capital increases economic growth. In addition to these factors, the factors of labor and knowledge possessed such workers are also a determining factor of economic growth.

METHODS OF RESEARCH

This study discusses the causal relationship between government expenditure and economic performance of regencies/cities in the province of South Sumatra. The scope of this study was the regencies/cities which just become new regencies/cities in 2001. The type of data in this research is secondary data. The source of secondary data was taken from Central Statistics Agency (BPS) of regencies/cities in the province of South Sumatra, Bank Indonesia, and the Director General of Fiscal Balance (DJPK) Republic of Indonesia.

Causal relationship between government expenditure and regional economic performance was analyzed using simultaneous equations, which consists of three structural equations for each sector of the economy. Three equations/structural functions are: (1) a function of economic growth (PE) for each sector, (2) the function of shopping (BLJ) for each sector, and the function of the number of people working (TK) for each sector of the economy.

Function of Economy Growth:

$$PE_{ti} = b_0 + b_1TK_{ti} + b_2INV_{ti} + b_3INV_{t-l1} + b_4INV_{t-2i} + b_5BLJ_{ti} + b_6BLJ_{t-li} + b_7BLJ_{t-2i} + b_iD_i + w_1 \quad (1),$$

where: PE: economic growth; TK: the number of labor; INV: investment; BLJ: Shopping; D: dummy region; and t: year t; i: sector (agriculture, trade sector, industrial sector and the construction sector).

Function of Government Expenditure (Expenditure):

$$BLJ_{ti} = c_0 + c_1PE_{ti} + c_2KAFIS_{ti} + c_3DAU_{ti} + c_4TK_{ti} + c_iD_i + w_2 \quad (2),$$

where: BLJ: government expenditure; PE: economic growth; TK: the number of labor; KAFIS: fiscal capacity; DAU: General Allocation Funds; D: Area (REGENCIES/city); t: t year; and i: sector (agriculture, trade sector, industrial sector and the construction sector).

Functions of Labor:

$$K_{ti} = d_0 + d_1PE_{ti} + d_2UPAH_{ti} + d_3BLJ_{ti} + d_4INV_{ti} + d_iD_i + w_3 \quad (3),$$

where: BLJ: government expenditure; PE: economic growth; TK: the number of labor; INV: investment; UPAH: the wage rate; D: area (REGENCIES/city); t: t year; and I: sectors (agriculture, trade sector, industrial sector and the construction sector).

RESULTS AND DISCUSSION

Effect of Government Expenditure, Investment and Labor to Economic Growth of Agricultural Sector. Government expenditure agriculture in the previous year determines the relative growth rate of the agricultural sector current year (year t). Private investment variable in the previous 2 years (lag-2) determined the relative growth rate of the agricultural sector current year (year t). This condition is due to investments in the agricultural sector needs

time to produce output, so investments need time to make an impact on economic growth in the agricultural sector. The number of labor variable in the agricultural sector statistically was not significant affecting the economic growth of the agricultural sector, and the correlation was negative. This is due to the investments made in the regencies/cities in South Sumatra was capital intensive, where the investment made by the investor is investing infrastructure development using the modern tools of production and use of labor that have this level of expertise (skills), While the agricultural sector itself tends to be labor intensive with a workforce that has a relatively low skill. So the effect of increasing investment and employment in the agricultural sector is relatively less to economic growth. Judging from the regions variable, the majority of the regencies/cities in South Sumatera statistically was significant difference with Palembang, meaning that there are differences in average growth in agriculture between Palembang with most of the regencies/cities in the province of South Sumatra.

Table 1 – Effect of Government Expenditure, Investment and Labor to Economic Growth of Agricultural Sector

n/n	Un-standardized Coefficients		Beta	T	Sig.
	Beta	Std. Error			
(Constant)	16,69521	5,329757	-	3,132452	0,002132
lnblj_pert	0,250211	0,839762	0,159012	0,297955	0,766202
lnblj_pert_1	0,099855	0,48282	0,065843	0,206816	0,83647
lnblj_pert_2	-0,13202	0,298136	-0,0876	-0,44281	0,658624
lninv_pert	0,300257	0,235822	0,452512	1,273238	0,205154
lninv_pert_1	-0,20859	0,303588	-0,32083	-0,68709	0,493221
lninv_pert_2	0,66963	0,420733	1,033587	1,591579	0,113853
lntk_pert	-1,7241	1,197049	-1,30866	-1,44029	0,152135
lahat	4,012734	1,477318	0,667705	2,716228	0,007481
muba	4,428758	1,297514	0,73693	3,413264	0,000851
mura	4,508074	1,306436	0,750128	3,450666	0,00075
me	3,128869	0,974985	0,520633	3,209144	0,001669
oki	4,55241	1,78795	0,757505	2,546162	0,012031
oku	3,207265	1,109495	0,533678	2,890743	0,00449
prabu	-0,49967	1,641401	-0,08314	-0,30441	0,761288
pgalam	1,347134	1,300526	0,224158	1,035838	0,302158
llg	-1,09279	1,563149	-0,18184	-0,6991	0,485713
byasin	5,410015	1,814931	0,900208	2,980838	0,003419
oi	6,636947	3,068432	1,104365	2,162977	0,032331
okut	4,653295	1,762176	0,774292	2,640654	0,009265
okus	7,181182	3,166708	1,194924	2,267712	0,024959
-	Sum of Squares	Df	Mean Square	F	Sig.
Regression	249,1699	20	12,4585	6,289613	0,000
Residual	263,4471	133	1,980805	-	-
Total	512,617	153	-	-	-

Affect of Government Expenditure, Investment and Labor to Economic Growth Sector Trade. Government expenditure in two years ago relatively determines the growth rate of trade sector current year (year t). This reinforces the notion that there is a part of government expenditure that affect for a medium/long term.

Private investment variable in the previous 2 years (lag-2) relatively determined the growth rate of the trade sector current year (year t). This condition is caused by investment in the trade sector takes to produce output, so investments need time to make an impact on economic growth in the trade sector. Number of workers variable in the trade sector statistically was not significant affect the economic growth of the trade sector, and the correlation was negative. This is because investments in the trade sector in the regencies/cities in South Sumatra is large trade, where investment was made by investors is

investment of infrastructure construction trade, so that workers absorbed not too many and most have a level of expertise (skills) , While the trade sector in South Sumatera classified as medium and small trade, thus increasing employment in the sector of commerce of micro, small and medium enterprises had little impact on economic growth in the trade sector. Judging from the regions variable, the majority of the regencies/cities in South Sumatra was statistically and significantly different with the city of Palembang, which means that there are differences in the average growth of trade between Palembang and with most of the regencies/cities in the province of South Sumatra. Most Regencies/cities have an average growth rate below the city of Palembang.

Table 2 – Effect of Government Expenditure, Investment, and Labor, Trade Sector to Economic Growth

n/n	Unstandardized Coefficients		Beta	t	Sig.
	Beta	Std. Error			
(Constant)	3,187649	5,514785	-	0,578019	0,564229
lnblj_dagt	1,714617	1,890368	1,242993	0,907028	0,366032
lnblj_dagt_1	-0,7572	1,195789	-0,5545	-0,63322	0,527676
lnblj_dagt_2	0,155362	0,289811	0,115696	0,536082	0,592797
lninv_dagt	0,043196	0,310525	0,049981	0,139108	0,889575
lninv_dagt_1	-0,03423	0,318207	-0,03818	-0,10757	0,914502
lninv_dagt_2	0,024748	0,25209	0,026908	0,098172	0,921943
lntk_dagt	-0,25406	1,625554	-0,15289	-0,15629	0,876043
lahat	-2,07126	1,671222	-0,4033	-1,23937	0,217392
muba	-0,99885	0,604906	-0,19449	-1,65124	0,101048
mura	-2,03234	2,258426	-0,39573	-0,89989	0,369804
me	-0,31529	0,649731	-0,06139	-0,48526	0,628287
oki	-0,91161	0,673148	-0,1775	-1,35425	0,177954
oku	-0,95028	0,994528	-0,18503	-0,95551	0,341054
prabu	0,339726	1,099291	0,066149	0,309041	0,757774
pgalam	-2,21249	2,406191	-0,4308	-0,9195	0,3595
llg	-2,96855	2,168568	-0,57802	-1,3689	0,173338
byasin	-0,41369	0,796742	-0,08055	-0,51923	0,604461
oi	-0,47077	1,337199	-0,09167	-0,35206	0,725351
okut	-0,07942	0,769992	-0,01546	-0,10314	0,918007
okus	-0,61381	1,053398	-0,11952	-0,5827	0,561085
-	Sum of Squares	Df	Mean Square	F	Sig.
Regression	164,210	20	8,210529	6,984628	0,000
Residual	156,343	133	1,175514	-	-
Total	320,553	153	-	-	-

Effect of Government Expenditure, Investment and Labor to Economic Growth Industrial Sector. Government expenditure two years earlier relative growth rate of the industrial sector determines current year (year t). This reinforces the notion that there is a part of government expenditure that affect for a medium/long term.

Private investment variable one year earlier (lag-1) determined the relative growth rate of the industrial sector current year (year t). This condition was caused by the investment in the industrial sector takes to produce output, so investments need time to make an impact on economic growth in the industrial sector. No significant effect of the number of workers the industrial sector to the economic growth of industrial sector in them due to the investments made in the regencies/cities in South Sumatra for the industrial sector is capital-intensive, where the investment was made by the investor is investing infrastructure development industries that use modern production equipment and the use of labor that have such a level of expertise (skills).

On the other hand, the rapidly growing sector of small industries in South Sumatra While that tends to be labor-intensive with a workforce that has a relatively low skill. So the

effect of increasing investment and employment in the industrial sector was relatively less to economic growth in the industrial sector. Judging from regions variable, the majority of the regencies/cities in South Sumatera was statistically and significantly different with the city of Palembang, which means that there are differences in the average growth in the industrial sector between Palembang with most of the regencies/cities in the province of South Sumatra. Most regencies/cities have an average growth rate of the industrial sector below the city of Palembang.

Table 3 – Results of Estimation Model Effects of Government Expenditure, Investing, and Labor to Economic Growth Industrial Sector

n/n	Unstandardized Coefficients		Beta	t	Sig.
	Beta	Std. Error			
(Constant)	5,149959	17,21899	-	0,299086	0,765348
lnblj_indt	3,130253	3,670778	1,62244	0,852749	0,395355
lnblj_indt_1	-2,33003	2,743128	-1,2195	-0,84941	0,397204
lnblj_indt_2	0,023616	0,38303	0,012207	0,061655	0,950932
lninv_indt	-0,35237	0,594137	-0,53887	-0,59309	0,554146
lninv_indt_1	0,766724	0,84458	1,177943	0,907817	0,365642
lninv_indt_2	-0,21299	0,321008	-0,32952	-0,66349	0,50818
lntk_indt	-0,14889	1,088907	-0,12157	-0,13674	0,891449
lahat	-2,82992	1,392254	-0,40921	-2,03261	0,044112
muba	-1,90184	1,321884	-0,27501	-1,43874	0,15261
mura	-1,95778	0,982767	-0,27088	-1,99211	0,048438
me	0,146328	2,430469	0,021159	0,060206	0,952084
oki	-1,2256	1,896056	-0,17722	-0,64639	0,519155
oku	-0,58001	1,358846	-0,08025	-0,42684	0,670195
prabu	-2,42551	1,065515	-0,35073	-2,27638	0,024446
pgalam	-4,7423	2,049264	-0,68575	-2,31415	0,022216
llg	-4,08917	2,70769	-0,5913	-1,5102	0,1334
byasin	-0,92131	1,060212	-0,13322	-0,86898	0,386445
oi	-0,84731	2,34641	-0,12252	-0,36111	0,718598
okut	-2,3623	0,887265	-0,34159	-2,66245	0,00873
okus	-1,06557	2,571147	-0,15408	-0,41443	0,679235
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	407,026	20	20,35131	8,51018	0,000
Residual	313,274	131	2,391406	-	-
Total	720,300	151	-	-	-

Effect of Government Expenditure, Investment and Labor towards Economic Growth of Sector Construction. Previous year government expenditure variable was relatively defined growth rate of the construction sector in the current year (year t). This condition makes the presumption that there is a part of government expenditure affects for a medium/long term becomes stronger.

Private investment variable in the previous 2 years (lag-2) was relative determined growth rate of the construction sector in the current year (year t). This condition is due to investments in the construction sector takes time to ensure their completion (become investment) needs time to make an impact on economic growth in the construction sector. The number of labor variable in the agricultural sector was not statistically and significantly affect the economic growth of the agricultural sector, this is caused by the construction sector is in the process of construction requires a lot of manpower.

Judging from regions variable, the majority of the regencies/cities in South Sumatra was not significantly and statistically different in Palembang, meaning that there is no difference in the average growth of the construction sector between Palembang and with most of the regencies/cities in the province of South Sumatra. This is somewhat understandable because each regency/city has a budget which was allocated for the construction sector, especially under the departments PU Bina Marga and PU Cipta Karya.

Table 4 – Results of Estimation Model Effects of Government Expenditure, Investing, Labor and Economic Growth of Construction Sector

n/n	Unstandardized Coefficients		Beta	t	Sig.
	Beta	Std. Error			
(Constant)	18,971	11,163	-	1,699	0,092
lnblj_konst	0,191	1,099	0,142	0,174	0,862
lnblj_konst_1	0,042	0,609	0,034	0,069	0,945
lnblj_konst_2	-0,308	0,549	-0,265	-0,561	0,576
lninv_konst	-0,649	0,619	-0,916	-1,049	0,296
llinv_konst_1	-0,282	0,362	-0,396	-0,778	0,438
lninv_konst_2	0,481	0,317	0,707	1,520	0,131
lntk_konst	2,000	1,629	1,505	1,228	0,222
lahat	-0,800	1,351	-0,182	-0,592	0,555
muba	0,885	1,650	0,201	0,537	0,592
mura	0,281	1,272	0,064	0,221	0,825
me	0,796	0,890	0,181	0,894	0,373
oki	-0,646	2,203	-0,147	-0,293	0,770
oku	0,452	1,209	0,103	0,374	0,709
prabu	0,391	0,883	0,089	0,443	0,659
pgalam	0,663	0,985	0,151	0,673	0,502
llg	0,475	0,699	0,108	0,680	0,498
byasin	-0,591	1,790	-0,134	-0,330	0,742
oi	0,011	0,991	0,003	0,011	0,991
okut	-1,170	3,141	-0,266	-0,372	0,710
okus	0,149	1,251	0,034	0,119	0,906
-	Sum of Squares	df	Mean Square	F	Sig,
Regression	116,3309	20	5,816546	4,145959	0,000
Residual	186,5915	133	1,402944	-	-
Total	302,9224	153	-	-	-

Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor towards the Agricultural Sector Government Expenditure. Economic growth variable of agricultural sector (PE) significantly affect the agricultural sector expenditures.

Table 5 – Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor of the Agricultural Sector Government Expenditure

n/n	Unstandardized Coefficients		Beta	t	Sig.
	Beta	Std. Error			
(Constant)	-14,45292022	5,885156	-	-2,45583	0,015317
lndau	0,279286317	0,158807	0,295469	1,758647	0,080887
lnpe_pert	0,954445415	0,274569	1,501852	3,47616	0,000683
lntk_pert	-0,569690659	0,531599	-0,68043	-1,07166	0,285773
lnkafis	0,51875742	0,149579	0,53108	3,468126	0,000702
lahat	-0,942632744	0,622612	-0,24681	-1,514	0,132347
muba	-1,316968094	0,832135	-0,34482	-1,58264	0,115827
mura	-1,643648485	0,835705	-0,43036	-1,96678	0,051244
me	-1,067546737	0,67413	-0,27952	-1,58359	0,115609
oki	0,620072788	1,097924	0,162354	0,564768	0,573162
oku	-0,544802303	0,680798	-0,14265	-0,80024	0,424967
prabu	-0,933573641	1,086792	-0,24444	-0,85902	0,391842
pgalam	0,103419036	0,615466	0,027078	0,168034	0,866806
llg	-0,412165446	0,99455	-0,10792	-0,41442	0,679216
byasin	-1,151299069	0,867191	-0,30145	-1,32762	0,186528
oi	-0,802038645	0,564654	-0,21	-1,42041	0,157778
okut	0,057212094	0,842397	0,01498	0,067916	0,945952
okus	-0,897912688	0,669668	-0,2351	-1,34083	0,18221
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	123,8178	17	7,283399	7,681446	0,000
Residual	128,9526	136	0,948181	-	-
Total	252,7704	153	-	-	-

The high economic growth will stimulate an increase in economic activities that support the development, prompting the government to provide services in the form of facilities and infrastructure that support the evolving needs of society as a result of increased revenue.

Fiscal capacity variable (PAD + DBH) significantly affect the agricultural sector of government expenditure. This condition is caused by the growing of freedom of government in regencies/cities in the era of regional autonomy in allocating revenue and revenue sharing on sectors that are the focus of each regencies/cities. General Allocation Fund variable (DAU) is also significant, due to the growing of freedom of government in regencies/cities in the era of regional autonomy in the allocation of DAU besides as an element of paying salaries.

Labor variable in the agricultural sector did not significantly affect the agricultural sector of government expenditure, because the pattern or formula in distributing government expenditure in the agricultural sector was relatively not accommodated by the number of labor. In addition, the pattern of government expenditure was not based on the number of workforce.

Judging from regions variable, the majority of the regencies/cities in South Sumatra was not significantly and statistically different in Palembang, meaning there is no difference in the average government expenditure agricultural sector in the city of Palembang.

Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor on Government Expenditure of Trade Sector. Variable economic growth trade (PE) has a positive relationship with the government expenditure of trade sector (according to theory). The high economic growth will stimulate an increase in economic activities that support development.

Table 6 – Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor on Government Expenditure of Trade Sector

n/n	Unstandardized Coefficients		Beta	T
	Beta	Std. Error		
(Constant)	-6,3538	5,854516	-	-1,08528
lndau	0,14772	0,148441	0,160316	0,995142
lnpe_dag	0,327395	0,521051	0,451617	0,628335
lntk_dagt	2,273286	1,997508	1,887093	1,138061
lnkafis	-0,32928	0,425499	-0,34581	-0,77386
lahat	3,4004	1,92656	0,913327	1,765012
muba	1,947684	1,56659	0,523136	1,243263
mura	4,394674	2,831639	1,180383	1,551989
me	1,354154	1,291793	0,363718	1,048275
oki	1,032241	0,966897	0,277254	1,067582
oku	2,340351	1,699574	0,628604	1,377022
prabu	2,217643	2,527941	0,595646	0,877253
pgalam	4,663475	2,813764	1,252581	1,657379
llg	4,370136	2,026222	1,173792	2,156791
byasin	1,312076	1,154039	0,352416	1,136943
oi	3,09329	2,75408	0,830839	1,123166
okut	0,642389	0,892369	0,172542	0,719869
okus	2,253626	1,788197	0,60531	1,260279
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	122,4839	17	7,204935	5,753293	0,000
Residual	170,3148	136	1,252315	-	-
Total	292,7987	153	-	-	-

Fiscal capacity variable (PAD + DBH) positively associated with government expenditure trade, driven by the growing of freedom the government in regencies/cities in the era of regional autonomy in allocating revenue and revenue sharing on sectors that are the

focus of each regencies/cities. Otherwise, the General Allocation Fund (DAU) variable has a directional relationship with government expenditure trade, driven by the growing of freedom of the government in regencies/cities in the era of regional autonomy in the allocation of DAU than as an element of paying salaries.

Workforce variable of trade sector has a directional relationship with government expenditure trade sector. This is somewhat understandable as more and more workers in the trade sector which largely utilize the facilities which were provided by government in regencies/cities. Judging from region variable, most of the regencies/cities in South Sumatra were not significantly different statistically in Palembang, meaning there was no difference in the average expenditure of the government sector trade between Palembang and with most of the regencies/cities in the province of South Sumatra.

Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor of the Government Expenditure of Industrial Sector. Economic growth variable of industrial sector (PE) has a negative relationship with government expenditure. The high economic growth in the industrial sector did not increase government expenditure in this sector, due to the growth in the industrial sector largely supported by the growth of medium and large industrial sectors relatively did not require government facility.

Table 7 – Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor of the Government Expenditure of Industrial Sector

n/n	Unstandardized Coefficients		Beta	T	Sig.
	Beta	Std. Error			
(Constant)	71,43585	-	-	1,064318	0,289099
lndau	-0,59588	0,741025	-0,66812	-0,80413	0,422748
lnpe_ind	-2,13413	2,391772	-4,11749	-0,89228	0,373842
lntk_indt	3,058208	2,483466	4,817681	1,231428	0,22032
lnkafis	-0,25191	0,711499	-0,27143	-0,35405	0,723858
lahat	-5,86827	7,706659	-1,63717	-0,76145	0,447724
muba	-1,10107	3,028699	-0,30718	-0,36354	0,716771
mura	-2,67396	4,524607	-0,7138	-0,59098	0,555529
me	-5,74901	5,304206	-1,6039	-1,08386	0,280374
oki	-8,49834	9,194167	-2,37093	-0,92432	0,356982
oku	-2,93045	3,974764	-0,78227	-0,73726	0,46225
prabu	-3,34425	5,534242	-0,933	-0,60428	0,546677
pgalam	-4,35501	8,649601	-1,21499	-0,50349	0,615445
llg	-1,48441	5,283666	-0,41413	-0,28094	0,779187
byasin	-3,77005	4,354255	-1,0518	-0,86583	0,38813
oi	-5,5872	6,66462	-1,55876	-0,83834	0,403334
okut	-5,76367	7,012032	-1,60799	-0,82197	0,412555
okus	-6,74204	7,792315	-1,88095	-0,86522	0,388466
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	96,09551	17	5,652677	0,784834	0,007835
Residual	965,1193	134	7,202383	-	-
Total	1061,215	151	-	-	-

Fiscal capacity variable (PAD + DBH) was negatively related to the industrial sector of government expenditure, because the industrial sector largely supported by the growth of medium and large industrial sectors are relatively dint not require funding from government facilities. General Allocation Fund (DAU) variable has the opposite relationship (negative) with government expenditure the industrial sector, for the industrial sector largely supported by the growth of medium and large industrial sectors relatively did not require funding from government facilities.

Variable workforce of industrial sector has a unidirectional relationship with government expenditure the industrial sector. This is somewhat understandable as more and more workers in the industrial sector which largely utilize the facilities provided by the government

in regencies/cities which is seen from regions variable, the majority of the regencies/cities in South Sumatera were not significantly and statistically different in Palembang.

Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor towards Government Expenditure of Construction Sector. The significant influence of the economic growth in the construction sector of the construction sector due to high economic growth will stimulate an increase in economic activities that support the development, prompting the government to provide services in the form of facilities and infrastructure that support the evolving the society needs/demands as a result of increased revenue.

Fiscal capacity variable has a positive relationship with government expenditure in the construction sector, driven by growing of freedom of regencies/cities in the era of regional autonomy in allocating revenue and revenue sharing on sectors that are the focus of each regencies/cities. General Allocation Fund (DAU) variable was significantly influenced which was caused by the growing of freedom of government in regencies/cities in the era of regional autonomy in the allocation of DAU beside as an element of pay salaries.

Workforce variable of construction sector has a directional relationship with government expenditure the construction sector, as more and more workers in the construction sector which largely utilize the facilities provided by the government in regencies/cities. Judging from the regions variable, the majority of the regencies/ cities in southern Sumatra was statistically and significantly difference with Palembang, meaning that there are differences in average government expenditure construction sector between Palembang and with most of the regencies/cities in the province of South Sumatra.

Table 8 – Effect of Economic Growth, Fiscal Capacity, General Allocation Fund and Labor towards Government Expenditure of Construction Sector

n/n	Unstandardized Coefficients		Beta	t	Sig.
	Beta	Std. Error			
(Constant)	3,047312386	-	-	1,05273	0,294332
lndau	0,271463843	0,073038	0,336022	3,716729	0,000294
lnpe_kons	0,313121062	0,153439	0,422028	2,040685	0,043217
lntk_konst	0,506491514	0,186439	0,513574	2,71666	0,007452
lnkafis	0,074039516	0,103468	0,088686	0,715579	0,475478
lahat	0,577182248	0,270684	0,176818	2,13231	0,034778
muba	1,604596255	0,347685	0,491564	4,61509	8,99E-06
mura	1,449060259	0,338803	0,443916	4,276999	3,55E-05
me	1,033584858	0,288272	0,316636	3,585445	0,000468
oki	1,648094918	0,338732	0,50489	4,865476	3,11E-06
oku	1,101675697	0,302944	0,337496	3,636567	0,000391
prabu	0,687095178	0,295908	0,21049	2,321987	0,021719
pgalam	1,231466158	0,318833	0,377257	3,862423	0,000173
llg	0,516484282	0,270756	0,158224	1,907565	0,058556
byasin	0,19493433	0,244962	0,059718	0,795774	0,42755
oi	1,396714231	0,268446	0,42788	5,20296	7,06E-07
okut	0,92749926	0,273283	0,284137	3,393913	0,000903
okus	1,496397793	0,285361	0,458418	5,243878	0,000006
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	84,30317	17	4,95901	17,42601	0,000
Residual	38,70223	136	0,284575	-	-
Total	123,0054	153	-	-	-

Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards the Number of Employment of Agriculture Sector. Economic growth in partial agricultural sector (PE) did not significantly affect the number of agricultural laborers, even the shape of its influence is negative (not in accordance with the theory). Economic growth in the agricultural sector was mainly supported by large plantation sub-sector which is not too much to absorb labor.

Table 9 – Effect of Economic Growth, Government Expenditure, Wages and Total Investment to Total Employment Agriculture

n/n	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
(Constant)	7,114646	3,538477	-	2,010652	0,046339
lnpe_pert	-0,24415	0,261755	-0,32166	-0,93275	0,352603
lnblj_pert	0,227416	0,147312	0,190405	1,543768	0,124968
lninv_pert	0,163716	0,090205	0,325059	1,814943	0,071736
lnupah_pert	-0,00644	0,0858	-0,00352	-0,07501	0,94032
lahat	0,999592	0,653424	0,219129	1,529774	0,128395
muba	1,339624	0,783092	0,293671	1,710687	0,089419
mura	1,070608	0,838455	0,234697	1,276882	0,20382
me	0,767545	0,633931	0,16826	1,210771	0,228083
oki	1,644209	0,611895	0,360442	2,687076	0,008108
oku	0,69821	0,606169	0,153061	1,151841	0,251407
prabu	-1,50291	0,428435	-0,32947	-3,50791	0,000613
pgalam	-0,50087	0,434931	-0,1098	-1,15161	0,251501
llg	-1,50962	0,378087	-0,33094	-3,99278	0,000106
byasin	1,610271	0,839292	0,353002	1,918606	0,05713
oi	1,528336	0,857097	0,33504	1,783155	0,076792
okut	1,277907	0,719437	0,280141	1,77626	0,077926
okus	1,558636	0,963984	0,341683	1,61687	0,108224
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	169,8827	17	9,993098	24,53534	2,88E-33
Residual	55,392	136	0,407294	-	-
Total	225,2747	153	-	-	-

Expenditure variable of agricultural sector was not significant in affecting employment. Although it was not statistically significant but do positive direction in accordance with the theory. Government expenditure in agriculture primarily for expenditure facilities and infrastructure can lead to absorb employment. Investment variable of agricultural sector significantly affect employment agricultural sector. Agricultural sector investment mainly for facilities and infrastructure can lead to absorb employment. Wage variable of labor in the agricultural sector did not significantly affect agricultural labors, even the relationship is negative (not in accordance with the theory). These conditions were due to the wage system in the agricultural sector has a relatively basic standard, so that the relative wage rate was not a major consideration for the people working in the agricultural sector. In addition, workers in the agricultural sector were mostly family labor is relatively depended on the level of wages.

Judging from the regions variable, the majority of the regencies/cities in South Sumatra was statistically and significantly different with the city of Palembang, which means that there were differences in the average number of agricultural labors between Palembang and with most of the regencies/cities in the province of South Sumatra. The average number of agricultural laborers of regencies/cities in South Sumatera was higher than the city of Palembang.

Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Employment of Trade Sector. In partial, economic growth variable of trade sector (PE) did not significantly affect the number of labor trade, but the direction was a positive relationship. This indicates that the economic growth in the trade sector to encourage the increasing the number of employment. This condition which was caused by the growing ability of small, micro, medium and large businesses, in fostering capital to develop the business so that the demand of increasing the input production factors which were included an increase in the demand for labor.

Expenditure variable of trade sector was not significant in affecting employment. Government expenditure of trade sector, especially for expenditure facilities and infrastructure can lead to greater trade of sector employment. Investment variable of trade sector partially did not significantly affect trade sector employment. Investment trade sector mainly for facilities and infrastructure can lead to greater employment absorption. Wage variable of trade sector was not significant in affecting the trade sector workforce, even the relationship is negative (not in accordance with the theory). This condition was caused by the wage system in the trade sector still relatively did not meet average minimum wage (UMR) which had been set up, most of the growing trade sector was small scale and informal, so that aspect of the relative wage was not through market mechanisms (supply and demand that determines the price).

Table 10 – Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Employment of Trade Sector

n/n	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	0,257367	2,00284	-	0,128501	0,897942
lnpe_dag	0,392875	0,430824	0,65285	0,911915	0,363427
lnblj_dagt	0,086036	0,297836	0,103644	0,288872	0,773119
lninv_dagt	0,008069	0,128155	0,015515	0,062963	0,949888
lnupah_dagt	-0,10322	0,125223	-0,08337	-0,82432	0,411198
lahat	-0,28831	0,735785	-0,09329	-0,39185	0,695785
muba	0,236791	0,53917	0,076616	0,439176	0,661231
mura	-0,729	0,66801	-0,23588	-1,09131	0,277067
me	-0,12998	0,267917	-0,04206	-0,48514	0,62836
oki	0,514986	0,508342	0,16663	1,01307	0,312826
oku	-0,2511	0,492922	-0,08125	-0,50942	0,611285
prabu	-0,63985	0,305509	-0,20703	-2,09438	0,038081
pgalam	-0,80279	0,794622	-0,25975	-1,01028	0,314157
llg	-0,34346	1,152142	-0,11113	-0,29811	0,766075
byasin	0,033913	0,331985	0,010973	0,102151	0,918787
oi	-0,6447	0,366293	-0,2086	-1,76007	0,080644
okut	0,102701	0,301285	0,03323	0,340877	0,733722
okus	-0,34538	0,357877	-0,11175	-0,96508	0,336217
-	Sum of Squares	Df	Mean Square	F	Sig.
Regression	71,5575	17	4,209265	17,16278	0,000
Residual	33,35474	136	0,245255	-	-
Total	104,9122	153	-	-	-

Judging from the regions variable, most of the regencies/cities in South Sumatra was not significantly and statistically different in Palembang, meaning there was no difference in the average number of workers of trade sectors between Palembang and with most of the regencies/cities in the province of South Sumatra.

Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Workers of Industrial Sector. In partial, economic growth of industrial sector (PE) did not significantly affect the industrial sector workforce. This indicated that the economic growth of the industrial sector encouraged the increasing of employment. Expenditure variable of industrial sector was not also partially significant in affecting employment. Although, it was not statistically significant but do positive direction in accordance with the theory. Government expenditure, especially for the industrial sector and infrastructure expenditure could encourage the increasing of employment sector.

Investment variable of industrial sector did not partially and significantly affect the employment of industrial sector. However, it was not significant but its relationship showed positive direction in accordance with the theory. Investment sector mainly for facilities and infrastructure can lead to increase employment absorption. Wage labor variable of the

industrial sector did not significantly affect the industrial sector workforce, even the relationship was negative (not in accordance with the theory). This condition which was caused by the system of remuneration in the industrial sector still relatively did not meet average wage minimum (UMR) which had been set, and most of the industrial sectors that develop are small scale and informal, so that aspect of the relative wage was not through market mechanisms (supply and demand that determined the price).

Judging from the regions variable, there were seven regencies/cities which had average number of their employees statistically different from the city of Palembang, namely: OKUS, OI, BANYUASIN, OKI, MUARA ENIM, and LAHAT, and seven other regencies/cities were not different from Palembang.

Table 11 – Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Workers of Industrial Sector

n/n	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
(Constant)	-20,5959	5,940578	-	-3,46699	0,000708
lnpe_ind	0,907065	0,558611	1,110908	1,623787	0,106771
lnblj_indt	0,286338	0,183282	0,181764	1,562278	0,120581
lninv_indt	-0,00718	0,224488	-0,01345	-0,03198	0,974534
lnupah_indt	-0,00573	0,255345	-0,00252	-0,02242	0,982142
lahat	2,597352	1,317414	0,459986	1,971554	0,05072
muba	0,57324	0,866767	0,10152	0,661354	0,509521
mura	1,289033	1,079225	0,218432	1,194406	0,234429
me	2,075205	0,607611	0,367515	3,41535	0,000843
oki	2,653401	0,955745	0,469912	2,776264	0,006286
oku	1,319755	0,925588	0,223638	1,425856	0,156235
prabu	1,522472	1,438917	0,269627	1,058068	0,291928
pgalam	2,394165	2,549505	0,424002	0,939071	0,349384
llg	1,071081	1,797524	0,189687	0,595865	0,552271
byasin	1,517682	0,708743	0,268779	2,141372	0,034053
oi	2,329221	0,936031	0,412501	2,4884	0,014058
okut	2,450222	1,48889	0,43393	1,645671	0,102175
okus	2,747589	1,030401	0,486593	2,666524	0,008608
-	Sum of Squares	Df	Mean Square	F	Sig.
Regression	246,3847	17	14,49322	15,14403	0,000
Residual	128,2414	134	0,957025	-	-
Total	374,6261	151	-	-	-

Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Employment of Construction Sector. In partial, economic growth of the construction sector (PE) significantly affect the number of workers of the construction sector, forms of influence was positive (according to theory). This is possible because of economic growth of the construction sector was directly related to employment. Most projects in the construction sector were absorbing many workers who did not require such formal education too. Expenditure variable of construction sector was partially not significant in affecting employment. Government expenditure was the construction sector, especially for facilities and infrastructure expenditure such as roads, bridges and other public facilities to encourage increased employment.

Variable investment significantly affected the employment absorption of construction sector. Investment construction sector was strongly associated with employment. All projects/activities of construction sector relatively required much labors, especially workers who were not formally educated.

Table 12 – Effect of Economic Growth, Government Expenditure, Wages and Total Investment towards Total Employment of Construction Sector

n/n	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
(Constant)	-8,58293	1,855902	-	-4,62467	8,64E-06
lnpe_kons	0,333217	0,132861	0,442921	2,508005	0,013317
lnblj_konst	0,127782	0,154119	0,12602	0,829113	0,408493
lninv_konst	0,331852	0,092491	0,622404	3,587924	0,000464
lnupah_konst	-0,09386	0,071617	-0,08611	-1,31055	0,192219
lahat	0,621237	0,352477	0,18769	1,762489	0,080233
muba	-0,10989	0,478158	-0,0332	-0,22982	0,818575
mura	0,084444	0,450171	0,025512	0,187581	0,851484
me	-0,23901	0,330386	-0,07221	-0,72343	0,47066
oki	0,697826	0,458293	0,210829	1,522662	0,130165
oku	0,07782	0,40967	0,023511	0,189958	0,849625
prabu	0,140832	0,341019	0,042549	0,412973	0,680276
pgalam	-0,11316	0,349804	-0,03419	-0,32349	0,746819
llg	0,051135	0,292764	0,015449	0,174661	0,861606
byasin	0,624458	0,370628	0,188663	1,684864	0,094308
oi	0,100646	0,383222	0,030407	0,26263	0,793233
okut	1,244015	0,6422	0,375846	1,937114	0,054805
okus	0,194061	0,456182	0,05863	0,425402	0,671216
-	Sum of Squares	df	Mean Square	F	Sig.
Regression	76,59221	17	4,505424	15,89123	0,000
Residual	38,55823	136	0,283516	-	-
Total	115,1504	153	-	-	-

Wage labor variable of the construction sector did not significantly affect the construction sector workforce, even the relationship was negative (not in accordance with the theory). It was caused by a system of remuneration in the construction sector (labor) relatively did not have a basic standard, and tend to be below the minimum wage average.

Judging from the regions variable, most of the regencies/cities in South Sumatra were not significantly and statistically different in Palembang, meaning that, there is no difference in the average number of workers of the construction sector between Palembang and with most of the regencies/cities in the province of South Sumatra.

CONCLUSION AND SUGGESTION

Expenditure government variable in the current year (year t), expenditure government in the last year (year t_1), government expenditure in the last two years (year t_2), investment in the current year (year t), investment in the last year (year t_1), investment in the last two years (year t_2), and the number of labors in the current year (year t) were significantly improve economic growth.

Economic growth variable in the year t, fiscal capacity in the year t, general allocation fund in the year t and the number of labors in the year t were significantly influence government expenditure.

Economic growth variable together in the year t, government expenditure/spending in the year t, the level of wage in the year t and the number of investment in the year t significantly affect the employment absorption.

This research had limitation in varied variable which influenced government spending/expenditure, thus, for furthermore research needs to re-inventoried variables which influenced the government expenditure, such as Special Allocation Fund (DAK).

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