

THE EFFECT OF FOREIGN DEBT, FOREIGN INVESTMENT (FDI), AND GOVERNMENT SPENDING ON ECONOMIC GROWTH IN 5 ASEAN COUNTRIES

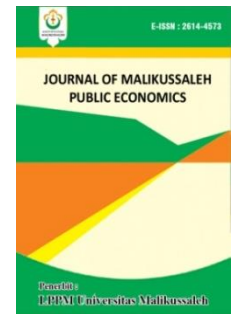
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ARTICLE INFORMATION

ABSTRACT

Keywords:

Economic Growth, External Debt, Foreign Investment, Government Spending, Panel Data Regression

This study aims to analyze the effect of foreign debt, foreign investment and Government spending on Economic Growth in 5 Asean Countries. The data used in this study is cross-section data from 2011-2020 obtained from the World Bank. The data is then analyzed using the Panel data regression model. The results of this study show that foreign debt has a positive and significant effect on economic growth in 5 asean countries. Foreign investment has no positive and significant effect. And Government spending has a positive and significant effect on economic growth in 5 Asean countries. The government is advised to carefully manage foreign debt to create positive Economic Growth, Create a conducive Investment climate and increase spending to boost Economic Growth.

1. INTRODUCTION

Since the 1960s, cooperative agreements began to occur between countries in the Asian region. In the Southeast Asia region itself, on August 8, 1967 *the Association of South East Asia Nation (ASEAN)* was formed, initially only 5 countries were members of it, namely: the Philippines, Indonesia, Malaysia, Singapore and Thailand. In subsequent developments, several countries joined, including: Brunei Darussalam, Vietnam, Laos, Myanmar, Cambodia. (Haidar, 2021)

The establishment of Asean aims to create a peaceful, stable and prosperous Southeast Asia region. The countries that are members of ASEAN cooperate both in the fields of trade, employment, investment, poverty alleviation and reducing disparities in economic development in the ASEAN region. Economic development is one of the main objectives to determine whether economic growth in ASEAN countries. It can be said whether or not in developing countries at this time, economic development is a process of

increasing total income and per capita income taking into account population growth and accompanied by fundamental changes in economic structure and income distribution for residents in a country (Wihastuti, 2008) .

To realize the ASEAN goals, several indicators are used to measure the achievement of welfare in each ASEAN country. In general, the indicators used to measure welfare are economic indicators by looking at the growth of gross domestic product.

According to Todaro and Smith, economic growth is a process of increasing productive capacity in an economy continuously or continuously over time so as to produce an increasingly large level of national income and output (Febryani, 2017) .

According to Todaro, high economic growth can be accelerated through a well-implemented and sustainable process of economic development and the results can be enjoyed by the entire community. Among the high-income minority group or from the majority group of low-income people, if the assignment of economic

development obligations is delegated to high-income people, then they will be able to spur growth properly. However, if the majority of low-income groups are selected, then the results of development must be shared equally and this makes it less likely to achieve National *Gross National Product* at a higher level (Aya Sophia, 2018).

Table 1. 1GDP Based on Constant Prices (Million USD)

Year	Country				
	Indonesia	Thailand	Vietnames e	Philippine s	Cambodi a
2016	904,182	415,082	205,243	328,355	19,301
2017	950,022	432,422	219,225	351,114	20,652
2018	999,179	450,539	234,736	373,379	22,194
2019	1,049,319	460,750	251,209	396,225	23,760
2020	1,027,603	432,649	258,509	358,294	23012

Source: world bank. (2022)

Based on data from table 1.1, it can be seen that the total GDP in Indonesia has continued to increase far more than the other four ASEAN countries over the last 5 years. One of the determinants of Indonesia's high GDP figure is that Indonesia is the largest country in Asean with an area of 1,904,569 square km and is rich in natural resources, Indonesia is also the country with the largest population in Asean reaching 261.1 million people which causes large sectors Indonesia's economic sector, apart from that the large amount of investment also encourages high GDP figures in Indonesia. Meanwhile, the State of Cambodia has a lower GDP figure, one of the reasons is that the population of 15.76 million people and an area of 181,035 square km is the smallest among Indonesia, Thailand, Vietnam, the Philippines and Cambodia.

Efforts to develop the economy in a country are generally initiated by the government, but are constrained by the lack of productive economic resources, especially capital resources, which often act as development catalysts. To meet this shortage of capital resources, the government is trying to bring in capital resources from abroad through various types of loans (Syafi'i et al., 2021)

Foreign debt is a portion of a country's total debt obtained from creditors outside the country. Recipients of foreign debt can be governments, companies or individuals. The form

of debt can be in the form of money obtained from private banks, governments of other countries or international financial institutions such as *the IMF* and the World Bank . (Shafi'i et al., 2021)

Table 1. 2 Foreign Debt Data (Million USD)

Year	Country				
	Indonesia	Thailand	Vietnames e	Philippine s	Cambodi a
2016	318,942.1	139,220.3	85,664.4	74,742.4	2,475.9
2017	353,563.8	161,647.5	104,090.0	73,098.4	2,788.1
2018	379,589.0	172,494.3	106,854.5	78,960.7	3,212.6
2019	402,106.4	179,772.7	117,337.2	83,617.3	3,663.0
2020	417,531.7	204,146.6	125,045.3	98,479.8	3,624.6

Source : worldbank. (2022)

Based on the data above, we can see that in the last 5 years Indonesia has also become a country with the largest amount of foreign debt with a significant increase in foreign debt from year to year. This is influenced by the large amount of government consumption spending to finance the large amount of infrastructure development as a policy. during the reign of President Jokowi. Thailand is a country with the highest level of foreign debt after Indonesia, the high foreign debt of Thailand is a continuation effect of the economic crisis in Asia in 1997-1998. Furthermore, Vietnam, the Philippines and Cambodia have relatively lower foreign debt.

Foreign investment also contributes to economic growth. According to (Akbar, 2019) Foreign Investment (PMA) or Foreign Direct Investment will occur when a company enters the country directly investing by facilitating the production process or in marketing products in other countries. The existence of FDI can cause multiplier effects such as science, technology, transfer of capital, and managerial capabilities from developed countries to developing countries. When these transfers occur which can be a productivity boost and an addition to national output which has an impact on increasing the country's economic growth. Apart from that, another impact of the existence of FDI is to create a job market which can be the key to overcoming poverty and unemployment in that country. So that it has an impact on social life which can provide peace and increase people's welfare which can also invite a higher number of investors

2019	98,588	88,074	16,922	46,981	1.302
2020	98.318	88,850	18,203	55.231	1.393

Sumber : *worldbank*. (2022)

Based on the state expenditure data in table 1.4, it can be seen that the comparison of total state expenditure in 5 ASEAN countries in the last 5 years has continued to increase from year to year. The amount of government spending in Indonesia compared to other countries is due to the large infrastructure development in Indonesia over the last 10 years. Whereas in Cambodia the state expenditure is lower compared to other countries due to its still weak economy compared to Indonesia, Thailand, Vietnam and the Philippines.

Based on the phenomena described above, the Author is Interested in conducting research with the title "**The Influence of Foreign Debt, Foreign Investment and Government Spending on Economic Growth in 5 ASEAN Countries.**"

2. THEORETICAL REVIEW

Economic growth

According to sukirno in Sopiah (2018) Economic growth can be defined as the development of activities in the economy that cause goods and services produced in society to increase. According to Nangga in Sopiah (2018) Economic growth can also be referred to as an increase in the production of goods and services in an economy which is shown in quantitative changes.

According to Todaro and Smith, economic growth is a process of increasing productive capacity in an economy continuously or continuously over time so as to produce an increasingly large level of national income and output. (S by & Anitasari, 2012)

Economic growth has an important role for a country. This is because the main source of increasing the standard of living of a country's population depends on the rate of economic growth in the long run. Positive growth from year to year indicates that the country is successful in maintaining its economy. According to Manurung in (Aya shopia, 2018) Increased economic growth will affect welfare, employment opportunities, as well as productivity and income distribution. If the production of goods and services increases, then a country's economy can be said to increase as well.

Foreign debt

According to Lincoln Arsyad in Junaedi (2018), foreign debt is a source of financing for the

Year	Country				
	Indonesia	Thailand	Vietnam	Philippines	Cambodia
2016	4,683.8	4,326.5	8820.0	3,302.2	2,475.9
2017	18,839.2	9058.9	8418.0	4,260.5	2,788.1
2018	19,992.6	13,452.5	13,977.0	3,242.2	3,212.6
2019	25,069.5	5,323.5	11,980.0	3,427.2	3,663.0
2020	19,348.4	-5,056.2	13,212.0	2,453.7	3,624.6

Table 1. 3 FDI Data of 5 Asean Countries (Million USD)

Sumber : *worldbank*. (2022)

Based on table data 1.3, FDI growth in 5 ASEAN countries in the 2016-2020 period experienced fluctuations. In this period, Indonesia experienced its lowest point in investment in 2016. The increase in investment in Indonesia in the increase in foreign investment in the last 10 years was caused by many central government policies . which relaxed the rules for foreign investment in Indonesia with the aim of increasing the amount of investment with the hope of increasing the number of foreign investment entering Indonesia. In ASEAN itself, Singapore is a country with the highest level of FDI, this is because Singapore is already a developed country. followed by Indonesia in the 2nd position. Meanwhile, the country with the lowest average FDI is Cambodia. However, the amount of FDI in Cambodia continues to increase steadily from year to year. The difference in FDI receipts is caused by the existence of a policy of ease of investment that is different for each country. In addition, high and stable economy in a country also affects FDI in that country.

In addition to FDI, government spending is also an important factor that needs to be considered in the economy. (Ichvani & Sasana, 2019) explains that there is a close relationship between government spending and economic growth where government spending will promote higher economic growth.

Table 1. 4 State Expenditure Data. (Million USD).

Year	Country				
	Indonesia	Thailand	Vietnam	Philippines	Cambodia
2016	88,788	69,715	13,362	35,871	1,043
2017	92,630	74.379	14,564	37.195	1.136
2018	94.026	81,939	15,865	41,769	1.210

government's budget and economic development. Foreign debt is used to finance state spending so that it can support economic activities, especially productive activities which in turn will encourage economic growth. Debt is usually used to finance the budget deficit. The growth created in turn contributes to creating jobs and reducing poverty.

Foreign loans are any financing through debt obtained by the government from foreign loans that are bound by a loan agreement and are not in the form of state securities, which must be repaid under certain conditions (Aya Sophia, 2018). Todaro said that foreign aid is all official concessional loans and grants, both in the form of cash and other assets, which are generally shown to divert a number of resources from developed countries to developing countries (Fadhillah, 2021). Meanwhile, according to Suparmoko foreign debt is debt or loans originating from people or institutions from other countries (Aya Sophia, 2018).

Foreign Direct Investment

Based on RI Law No. 25 of 2007 concerning investment, foreign capital is capital owned by foreign countries, individual foreign citizens, foreign business entities, foreign legal entities, and/or Indonesian legal entities whose capital is partly or wholly owned by foreign parties.

According to Curry in (Aya Sophia, 2018) the term foreign investment in a national economy describes the flow of capital coming in from abroad to the domestic economy as well as the outflow of capital invested overseas by domestic companies. According to Putra in (Meilaniwati & Tannia, 2021), Foreign Investment (PMA) has more advantages including its long term nature, contributes a lot in transferring technology, transferring management skills, and opening new jobs.

Government Spending

According to Sukirno, government spending is part of fiscal policy, which is a government action to regulate the course of the economy by determining the amount of government revenue and spending each year, which is reflected in the document of the State Budget (APBN) for the national and Expenditure Budget. Regional Budget (APBD) for the region. The purpose of this fiscal policy is to stabilize prices, *output levels* and employment

opportunities and spur or encourage economic growth (Nahumuri, 2019)

Aries Djaenuri argued that government spending (public) is money or funds coming out of the government treasury or state treasury to finance government activities or other purposes that are the authority of the government (Nahumuri, 2019)

Government spending can also be interpreted as the use of a country's money and resources to finance a state or government activity in order to realize its function of welfare (Ferry, 2012).

3. METHOD STUDY

Location and Research Object

In this study, the objects of research are Foreign Debt, FDI, and Government Expenditure of 5 Asean Member Countries (Indonesia, Thailand, Vietnam, the Philippines and Cambodia) from 2011–2020. The data analyzed in this study comes from *the World Bank* in the form of data on Foreign Debt, FDI, Government Expenditures and Economic Growth which are accessed through the official *World Bank website*.

Types and Sources of Research Data

The type of data used in this research is panel data in the form of quantitative secondary data, namely reports on Economic Growth, Foreign Debt, Foreign Investment in 5 Asean member countries from 2011 – 2020.

Operational definition _

Research variables according to Sugiyono are anything in any form that is determined by researchers to be studied so that information is obtained about it, then conclusions are drawn (Aya Shopia, 2018). In this study, two types of variables were used, namely the dependent variable (Y) and the independent variable. (X).

1) Economic growth (Y)

Economic growth can be interpreted as a process of increasing total income and national income in the economic structure and equal distribution of income for residents in a country. Data obtained from 2011-2020 sourced from *the World Bank*.

2) 3.4.2 Foreign Debt (X1)

Foreign debt is any financing through debt obtained from foreign lenders. The form of foreign debt can be in the form of money obtained from

private banks, governments of other countries or international financial institutions such as the IMF and the World Bank which are bound by a loan agreement and are not in the form of state securities, which must be paid under certain conditions. The foreign debt data used is foreign data in Indonesia, Cambodia, the Philippines, Vietnam and Thailand per year for the period 2011 – 2020. The data unit used is *US Dollars* (USD).

3) 3.4.3 Foreign Investors (X2)

According to Madura, PMA is an international capital flow where companies from one country establish or expand their companies in other countries (Aya Sophia, 2018) . The FDI data used is data on all inflows of FDI in Indonesia, Cambodia, the Philippines, Vietnam and Thailand per year for the period 2011 – 2020 . The unit of data used is *the US Dollar* (USD).

4) 3.4.4 Government Spending (X3)

Government spending is the determination of the budget prepared in the State Income and Expenditure Budget (APBN) or Regional Revenue and Expenditure Budget (APBD). Which every year to various sectors or fields that aim to improve the welfare of society through several programs that have been made. The Government Expenditure data used is data for Indonesia, Cambodia, the Philippines, Vietnam and Thailand for the period 2011 – 2020. The data unit used is *US Dollars* (USD).

Data collection technique

The data collection technique used in this research is the documentation method, namely by reading, copying and processing data or written records in the relevant institution, namely, from the World Bank. The data obtained in data that has to do with the problems in this study, namely data on Foreign Debt, FDI, Government Expenditure, and Economic Growth

Data analysis method

Regression Analysis

The analytical method used in this study is the panel data regression model to determine how much influence the independent variables have on the dependent variable. The relationship between these variables is expressed in a mathematical model, so the multiple regression equation will be used as follows:

$$Y_{it} = \alpha + \beta_1 \log X_{1it} + \beta_2 \log X_{2it} + \beta_3 \log X_{3it} + e$$

Information:

Y	= Economic Growth
X ₁	= Foreign Debt
X ₂	= Foreign Investment
X ₃	= Government spending
log	= Logarithm
α	= K const anta _
e	= <i>term error</i>
β ₁ , β ₂ , β ₃ ...	= Regression coefficient
i	= i.....N (Cros Section)
t	= i.....T (Time Series)

Panel Data Regression Method Estimation

In estimating the panel data regression model can be done through three approaches, namely:

Common Effect Model (CEM)

common effect model (CEM) is an estimation that combines (pooled) all *time series* and *cross section* data and uses the OLS (*ordinary least square*) approach to estimate the parameters. The OLS method is one of the popular methods for estimating parameter values in linear regression equations.

Fixed Effects Model (FEM)

The fixed effect model (FEM) regression model is a technique that estimates panel data using a dummy variable to explain the difference in intercepts. This approach is based on the difference in intercept between cross sections but the same over time. This model also assumes that the slope is fixed between cross sections and time series. The approach used in this model is the least squares dummy variables (LSDV) method. The regression equation on the fixed effect model. The fixed effect model assumes that the slope coefficient is constant but the intercept is not constant (Diba, et.al 2018) .

Random Effect Model (REM)

The random effect model (REM) regression model is a variation of the *generalized least squares* (GLS) estimation. REM takes into account the error from the panel data using the *least squares method* . This modeling approach improves the efficiency of *the least squares process* by taking into account the error from *the cross-section and time series* .

Determination of Estimation Method

To select an estimation model, there are several tests that can be performed, namely:

Chow test

The *Chow test* is a test conducted to select the best model between the *fixed effect model* (FEM) and the *common effect model* (CEM). The chow test assumes that if there is no structural change in the *restricted residual sum square* and *unrestricted residual sum square equations*. The decision-making technique for the chow test is as follows (Gujarati, D. and Porter, D, 2012) .

- a) If the significant value is <0.05 , the best model is panel data regression with FEM.
- b) If the significant value is > 0.05 , the best model is panel data regression with CEM.

Hausman test

To determine the best model between FEM or REM is to use the Husman test. According to Gujarati and Porter (2012), the *fixed effect model* assumes that the independent variables are correlated with the error, while for the *random effect model* . The decision making technique on the Husman test is as follows:

- a) If the significant value is <0.05 , the best model is panel data regression with FEM.
- b) If the significant value is > 0.05 , the best model is panel data regression with REM.

Multicollinearity Test

To find out the relationship between the independent variables in the study, a multicollinearity test was used. Ghazali (2011) said that this test aims to test whether the model found a correlation between independent variables. In a good model there should be no correlation between the independent variables.

To find out whether or not multicollinearity exists in a regression model, it can be seen by regressing the model with the log residual squared as the dependent variable. If the probability of each independent variable is more than 0.05 then multicollinearity does not occur. Preferably, the probability of each independent variable is less than 0.05, so multicollinearity occurs.

Heteroscedasticity Test

In the classic test there is what is called the heteroscedasticity test. According to Ghazali (2011) the heteroscedasticity test aims to test the model whether there is an inequality of variance from one residual to another observation or not. A good model is one that has homoscedasticity or does not have heteroscedasticity. One way to detect the presence or absence of heteroscedasticity is by using the Harvey Test (*Havey Test*).

The basis for making decisions from the heteroscedasticity test through the Harvey Test (*Harvey Test*) is carried out as follows.

1. If the probability is $>5\%$, then these variables do not have heteroscedasticity.
2. If the probability is $<5\%$, then these variables have heteroscedasticity.

Statistical Test T (Partial Test)

The t statistical test will show how far the influence of one independent variable individually explains the variation of the dependent variable (Ghozali, 2013). In this study, to test the hypothesis to what extent the influence of the independent variables, namely Foreign Debt, Foreign Investment, and Government Expenditure on the dependent variable, namely Economic Growth, can be analyzed using the t test, to see the relationship between each independent variable and the dependent variable. If the results of research and data processing found t count $>$ t table for each variable and the significance value can be seen from the significant value $< 5\%$ then the independent variable has a significant effect on the dependent variable.

H1 : If t count $>$ t table then H1 is accepted. This means that the independent variable affects the dependent variable.

H0 : If t count $<$ t table then H1 is rejected. This means that the independent variable has no effect on the dependent variable.

Statistical Test F (Simultaneous Test)

The t test was conducted to see the effect of the independent variables partially on the dependent variable. The test criteria are if tcount $>$ ttable with a significant level of 5%, it can be concluded that partially the independent variables have a significant effect on the dependent variable. If tcount $<$ ttable with a significant level of 5%, it can be concluded that the independent

variables have no effect on the dependent variable (Ghozali, 2006).

Determination Coefficient Test (R2 Test)

This test looks at what proportion of the variation of the independent variables together influences the dependent variable, with the following formula:

$$R^2 = \text{JKR}/\text{JKY}$$

Where: JKR = sum of the squares of the regression (explained sum of squares). The coefficient of determination is the square of the correlation value between the independent variable and the dependent variable in percentage form, so that the coefficient of determination is between 0% and 100%. The coefficient of determination formula is as follows:

$$\text{KD} = R^2 \times 100\%$$

Information:

KD = coefficient of determination

R2 = the value of the correlation coefficient squared.

4. RESEARCH RESULTS AND DISCUSSION

Analysis of Research Data Description

In this thesis using data panels are mixed between *time series* data and *cross section data*. The time series data is 2011-2020. While the cross section data is 5 ASEAN member countries.

Table 4.3
Classic assumption test
Multicollinearity Test Results

Covariance Analysis: Ordinary

Date: 12/25/22 Time: 17:32

Sample: 2011 2020

Included observations: 50

Correlation			
t-Statistics	LOG(ULN)	LOG(PMA)	LOG(PP)
LOG(ULN)	1.000000		

LOG(PMA)	0.772820	1.000000	
	8.436871	----	
LOG(PP)	0.951461	0.618677	1.000000
	21.41832	5.455792	----

Source: Processed data, (2022)

Based on the results of table 4.3 above, it can be seen that the data in this study are seen from external debt with a FDI of $0.77 < 0.80$. indicates no indication of multicollinearity. External debt with Government Expenditures $0.95 < 0.80$, this indicates there is an indication of multicollinearity. Next is PMA with Government Expenditures of $0.61 < 0.80$, this indicates that there is no indication of multicollinearity.

Table 4.4
Heteroscedasticity test results

Dependent Variable: RESABS

Method: Panel Least Squares

Date: 12/25/22 Time: 22:25

Sample: 2011 2020

Periods included: 10

Cross-sections included: 5

Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.036079	0.108776	0.331679	0.7418
LOG(ULN)	0.001467	0.013454	0.109057	0.9137
LOG(PMA)	-0.009299	0.006238	-1.490690	0.1435
LOG(PP)	0.004767	0.018252	0.261195	0.7952

Source: Processed data, (2022)

Based on the results of table 4.3 above, it can be seen that the data in the study This can be seen from the external debt with FDI of $0.77 < 0.80$, this indicates that there is no indication of multicollinearity. External debt with Government Expenditures $0.95 < 0.80$, this indicates that there is an indication of multicollinearity. Next is PMA with Government Expenditures of $0.61 < 0.80$, this indicates that there is no indication of multicollinearity.

Table 4.5
Chow test

Redundant Fixed Effects Tests

Pool: NEGARA

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	94.547699	(4,42)	0.0000
Cross-section Chi-square	115.151963	4	0.0000

Source: Processed data, (2022)

The results of the Chow test above have a probability value of *cross-section F* and *cross-section Chi-square* $< \alpha 5\%$, namely $0.0000 < 0.05$. H_0 : *Common Effect Model* is rejected

H1 : *Fixed Effect Model* accepted

This means that *the Fixed Effect Model* is better to use than the *Common Effect Model* based on the results of this test.

Table 4.6
Hausman test

Correlated Random Effects - Hausman Test			
Pool: NEGARA			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	378.039461	3	0.0000

Source: Processed data, (2022)

Based on Table 4.5, the results obtained from the Hausmant Test, the probability value is smaller than α 5%, namely $0.0001 < 0.05$. This means that the *Fixed Effect Model* is better to use than the *Random Effect Model*. Because the *Fixed Effect Model* has been selected, there is no need to perform the Lagrange Multiplier test.

Panel Data Analysis

Test Fixed Effects

Data processing in this study uses panel data regression, which is a combination of time series and cross-section data. There are several stages in using panel data regression including *the Common Effect Model* , *Fixed effect Model* and *Random Effect Model*. *The Fixed Effect model* estimation results for this study are as follows:

Table 4.6
Fixed Effect Model Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.69276	0.407151	45.91116	0.0000
LOG(ULN?)	0.194199	0.050359	3.856313	0.0004
LOG(PMA?)	0.029992	0.023348	1.284542	0.2060
LOG(PP?)	0.498645	0.068320	7.298717	0.0000
Fixed Effects (Cross)				
FILIPINA--C	0.132006			
INDONESIA--C	0.371544			
KAMBOJA--C	-0.522330			
THAILAND--C	-0.123910			
VIETNAM--C	0.142690			

Source: Processed data, (2022)

The constant value of the regression results above is 18.69276 which means that if the variables of Foreign Debt, Rate of Foreign Investment and Government Expenditures are constant = (0) or fixed, then the Economic Growth rate will have a constant value of 18.69276 %.

The coefficient value of the external debt variable is 0.194199 , which means that if the external debt increases by 1 US dollar, it will be able to increase economic growth by 0.194199 % assuming the variables of foreign investment and government spending are considered constant.

Then, the coefficient value of the variable Foreign Investment 0.029992 can be interpreted that if Foreign Investment increases by 1 Us dollar, economic growth will increase 0.029992 % assuming the external debt variable and the level of Government Expenditures.

Furthermore, the Government Expenditure coefficient is 0.498645 , which means that if there is an increase in the amount of Government Expenditure by 1 Us dollar, it will increase Economic Growth by 0.498645 % percent assuming that the external debt variable and the FDI level are considered constant.

Partial test is conducted to find out whether there is an individual influence between the independent variables on the Dependent Variable. The provisions of the t test are by looking at the value of the t table with the t statistic. If the value of the t statistic $>$ t table and the probability is below ($<$ 0.05) then the independent variable affects the dependent variable (Gujarati & Porter, 2009) .

Table 4.7
Hypothesis Test Results
Partial Test Results (t test)

Variabel Bebas	t-statistic	t-tabel	Prob	ket	Hipotesis
ULN	3.856313	2,012896	0.0004	Signifikan	Terima
PMA	1.284542	2,012896	0.2060	Tidak Signifikan	Tolak
PP	7.298717	2,012896	0.0000	Signifikan	Terima

Source: Processed data,(2022)

Simultaneous test (f test) is conducted to find out whether the independent variables simultaneously or jointly affect the dependent variable by looking at the statistical F value. If the Fstatistics value $>$ Ftable with a probability level ($<$ 0.05) then the independent variables jointly affect the dependent variable. Following are the results of simultaneous testing (F test) in this study

Table 4. 8
Simultaneous Test Results (Test F)

FStatistics	Ftable	Alpha	Probability	Information
4066873	2.80648	0.05	0.000	Significant

Source: Processed data,(2022)

Based on table 4.8 above, it can be seen that the value of F-statistics $>$ F-table (4066.873 $>$ 2.80648) with a probability of (0.000000 $<$ 0.05), then reject H0 and accept H1, it can be concluded that together the external debt, FDI variables and Government Expenditures have a positive and significant effect on Economic Growth in 5 Asean Countries.

Table 4. 9
Test Results for the Coefficient of Determination (R²)

Adjusted R-squared	0.9982
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Source: Processed data,(2022)

From table 4.10 above it can be seen that the *Adjusted R-Squared value* in this study is 0.99828 . That is, the relationship between the independent variable and the dependent variable in this study is 99.82%. And $1 - 0.99828 = 0.00172$ which means that another 0.017% is influenced by other variables outside this study.

Table 4. 10
Correlation Coefficient Test Results

R-Squared	0.9985
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Source: Processed data,(2022)

From table 4.8 above it can be seen that the correlation value in this study (R) = $\sqrt{0.998527} = 0.99913$, which means that the relationship between external debt, FDI, and government spending Economic growth is positively (strongly) related, because the correlation value of 0.99913 is close to positive 1

Discussion

Effect of Foreign Debt on Economic Growth Index.

Based on the partial test results, the external debt variable used in this study has a positive and significant effect on economic growth. External debt has a $t_{count} > t_{table}$ (3.856313 $>$ 2.012896) and a probability value of

0.0004 $<$ 0.05 which means that the external debt variable has a positive and significant effect on economic growth in 5 ASEAN countries in 2011-2020. This means that if the external debt increases by 1 percent, it will increase economic growth by 3.856 percent. Or conversely, if the external debt decreases by 1 percent, economic growth will also decrease by 3.856 percent.

Effect of Foreign Investment on Economic Growth

Based on the statistical test results of the variable Foreign Investment used in this study with a variable coefficient value of Foreign Investment has a $t_{count} > t_{table}$ (1.055197 $<$ 2.012896) , and a probability value of 0.2060 $>$ 0.05 . So it can be concluded that foreign investment has no effect on economic growth in 5 ASEAN countries 2011-2020.

The Influence of Government Spending on the Economic Growth Index

From the research results the minimum wage variable has a $t_{count} > t_{table}$ (3.615 $>$ 2.59) , and a probability value of 0.0004 $<$ 0.05, it can be concluded that the minimum wage has a positive and significant effect on HDI in 33 districts/cities North Sumatra Province in 2015-2021. This means that if the minimum wage increases, the HDI will increase. Or vice versa if your minimum wage goes down then the HDI will also go down .

CLOSING

Conclusion

Based on the results of research and discussion of the influence of Foreign Debt, Foreign Investment, and Government Expenditure on Economic Growth in 5 Asean Countries, the authors draw the following conclusions:

1. Foreign Debt has a positive and significant effect on Economic Growth in 5 ASEAN Countries. These results indicate that increasing foreign debt will increase economic growth in 5 ASEAN countries. Vice versa, if the external debt decreases, economic growth will also decrease.
2. Foreign Investment has no effect on Economic Growth in 5 ASEAN Countries. These results indicate that the increase in foreign investment does not affect economic growth in the 5 ASEAN countries.
3. Government spending has a positive and significant effect on economic growth in 5

ASEAN countries. These results indicate that increasing government spending will increase the economic growth of the 5 ASEAN countries. And vice versa, if government spending decreases, it will increase economic growth.

Suggestion

Based on the discussion and conclusions obtained from the results of this study, it is suggested as follows:

1. The governments of the 5 ASEAN countries should be even more consistent in utilizing foreign currency so that they can increase economic growth. In this case the Governments of the Five ASEAN Countries need to maintain and improve the quality and quantity of programs that can support the components of Economic Growth, namely education, health and economic levels.
2. The governments of the 5 ASEAN countries still need to increase foreign investment to boost the country's economy, with an increase in foreign investment, it is hoped that countries will have a stronger economy and be able to meet their basic needs. So that the realization of these conditions can increase economic growth.
3. The central government of the five ASEAN countries in allocating government spending must be in accordance with programs that have high impetus in improving community welfare indicators. deficit financing) to encourage a more significant increase in economic growth.

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