Abstract

Gross Domestic Product (GDP) is one of the tool used to evaluate an economic matter. This research aims to know: 1) realization of foreign investment gives positive effect on GDP, 2) Labors give positive effect on GDP 4) government's expenditure gives positive effect on GDP

This reaserch was done in the Indonesia economics condition since 2000-2014 continously. The data used in this research are sekunder consist of GDP data based on constant prices, foreign investment realization, labors and government's expenditure. The approach method used in this research is Vector Error Correction Model (VECM), then the method of VECM consist of stasioner test, lag optimal test, causality granger test, cointegration test, VECM model, analysis of Impulse response Function (IRF), and analysis of Variance Decomposition (VD).

Result of the research: 1) Foreign investment gives negative effect on GDP,2) Labors gives negative effect on GDP and 4) Government's expenditure gives positive effects on GDP.

Keywords: Foreign Investment, Labors, Government Expenditures, Indonesian Economy, VECM.