

***The Effect of Regional Original Income and Balancing Funds on Economic Growth with Capital Expenditure as an Intervening Variable in East Java Province.*** Dessy Putri Andini, S.E., M.M.

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***ABSTRACT***

*This study aims to determine the effect of Regional Original Income and Balancing Funds on Economic Growth with Capital Expenditures as an Intervening variable in East Java Province. This research uses quantitative methods. The type of data used is secondary data. The data analysis technique used is Path Analysis. The results showed that local revenue had a significant positive effect on capital expenditure, the balancing fund had no significant effect on capital expenditure, regional original income had no significant effect on economic growth, the balancing fund had no significant effect on economic growth, and capital expenditure had no significant effect on economic growth. , Capital expenditures can mediate the relationship between local revenue and economic growth, Capital expenditures cannot mediate the relationship between balancing funds and economic growth*

***Keywords:*** *Regional Original Income, Balance Fund, Capital Expenditure, Economic Growth*