

## KORESPONDENSI

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| Jurnal Internasional Bereputasi SCOPUS Q3   |
| <b>THE EFFECT OF DEFENSE SPENDING ON PRIVATE INVESTMENT IN INDONESIA<br/>BASED ON HISTORICAL DATA FOR THE PERIOD 1981-2010</b>                  |
| PalArch's Journal of Archaeology of Egypt/Egyptology, Volume 18/ No.04/2021   |
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Dear Editor,

I submitted an article for PalArch's Journal of Archaeology of Egypt, with the title:

**" THE EFFECT OF DEFENSE SPENDING ON PRIVATE  
INVESTMENT THE CASE OF INDONESIA BASED ON HISTORICAL  
DATA FOR THE PERIOD 1990-2010"**

Author: Posma Sariguna Johnson Kennedy

Affiliation: Faculty of Business and Management, Indonesian Christian University, Indonesia.

Thank you

Dr. Posma Sariguna Johnson Kennedy

**THE EFFECT OF DEFENSE SPENDING ON PRIVATE INVESTMENT  
THE CASE OF INDONESIA BASED ON HISTORICAL DATA  
FOR THE PERIOD 1990-2010**

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**Abstract**

Military expenditure can disrupt private investment because of the crowding effects caused. The study wants to see the impact on private investment output from defense spending, interest rates, and national taxes in developing countries, particularly in Indonesia in the 1990-2010 period. Single mathematical model is built to capture the impact of military expenditures, non-military expenditures, private output, interest rates and national taxes on private investment. From the processing of the econometric model by conducting regressions, the results show that changes in military and non-military spending, national taxes and interest rates have a negative impact on private investment, but are not too elastic. While changes in the output production of the private sector positively affect the outcome of private investment significantly.

**Key Words:** Defense Expenditure, Private Investment, Interest Rates, National Taxes

**1. Introduction**

Military expenditure is a public budget allocated for purposes related to a country's defense programs. The amount is strongly related to the economic capacity of a country and the level of priority in the development program. According to the Ministry of Defense in Adi et al, explains that the budget is a financial work plan that is systematically regulated, covering the maximum amount of expenditure needed to finance the interests of the country in a certain period, with estimated income that may be received in the future (W, Hasan D, Suryanto J, & Darmawan, 2007).

Defense spending is one of the costs that must be incurred by the government. From a theoretical point of view, an increase in government spending has two consequences for private investment. First, an increase in government spending must be financed which can lead to a higher demand for capital from the government, which can trigger an increase in interest rates. This will reduce the amount of savings available to private investors and also reduce the rate of return on private investment (crowds-out effect). Second, public spending can have a favorable impact on private

Dear Editor,  
Here we send our revision paper.  
Thankyou.

## THE EFFECT OF DEFENSE SPENDING ON PRIVATE INVESTMENT IN INDONESIA BASED ON HISTORICAL DATA FOR THE PERIOD 1981-2010

Posma Sariguna Johnson Kennedy<sup>1</sup>

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### Abstract

Due to the crowding-out effect, defense spending can disrupt private investment. The purpose of this study is to examine the effect of defense spending, interest rates, and national taxes on private investment in Indonesia during the 1981-2010 period. A mathematical model was constructed to capture the impact of defense spending, non-military spending, private output, national interest rates, and taxes on private investment. By applying the regression processing econometric model, it can be seen that defense spending, non-military spending, changes in national taxes, and interest rates have a negative impact on private investment but are not too elastic. At the same time, changes in private-sector production output have a significant positive impact on private investment.

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Key Words: Defense Expenditure, Private Investment, Interest Rates, National Taxes

### 1. Introduction

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Dear Author (s)

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[posmahutasoit@gmail.com](mailto:posmahutasoit@gmail.com)

It's my pleasure to inform you that, after the peer review, your paper, "THE EFFECT OF DEFENSE SPENDING ON PRIVATE INVESTMENT THE CASE OF INDONESIA BASED ON HISTORICAL DATA FOR THE PERIOD 1990-2010" has been ACCEPTED to publish with **PalArch's Journal of Archaeology of Egypt/Egyptology**, ISSN 1567-214X (Scopus Indexed, Scimago Q3). It will be published Volume 18 issue 03 March 2021

I believe that our collaboration will help to accelerate the global knowledge creation and sharing one step further. Please do not hesitate to contact me if you have any further questions.

Sincerely,

Editorial Team  
[editor@palarch.nl](mailto:editor@palarch.nl)



Dear Editor,

Thank you for the opportunity to publish my paper with PalArch's Journal of Archeology of Egypt / Egyptology.

Can we get a discount for the APC from the payment invoice we receive, because of our poor funding conditions during this pandemic.

Can payments be made using a credit card?

Is this journal still indexed by Scopus, because we looked at the website until 2019.

Thank you for the cooperation and opportunities given to us.

Dr. Posma Sariguna Johnson Kennedy

Dear Authors

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Editorial Team

Dear Editor,

I submitted a final revision of my article for PalArch's Journal of Archaeology of Egypt, with the title:

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Thank you  
Dr. Posma Sariguna Johnson Kennedy

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**3 attachments**



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Dear Authors

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Measuring the Effect of The Economic Activity Rate on The Unemployment Rate Using Panel Data Models

PAJAE, 18 (4) (2021)

PalArch's Journal of Archaeology  
of Egypt / Egyptology

## MEASURING THE EFFECT OF THE ECONOMIC ACTIVITY RATE ON THE UNEMPLOYMENT RATE USING PANEL DATA MODELS

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Jassim N.Hussain, Zainab Kadhum Mezher, Marwa Haider Ghazi, Measuring the Effect of  
The Economic Activity Rate on The Unemployment Rate Using Panel Data Models -Palarch's  
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### Abstract

In this research, the statistical method, Panel Data Models, was employed to measure the strength of the relationship between variables and analyze them, and to show the effect of the explanatory variable (X), which represents economic activity on the dependent variable (Y), which represents the unemployment rate in some Iraqi provinces.(Wasit, Kerbala, Babylon, Najaf) for the period from (2005-2019).As the two variables were represented graphically to know the trend of the phenomenon and determine its events, and among the most important conclusions that were reached is that the summative regression model (PRM) is the best in that it is the most appropriate in representing the inverse relationship between the variable of unemployment rate and the variable of economic activity.

In addition to the presence of a significant impact of the variable of the unemployment rate and the variable of economic activity, the more jobs (economic activity) the unemployment rate will decrease. On this basis, a set of recommendations have been drawn up to take the necessary care and develop the phenomenon studied, the most prominent of which is the expansion of the study sample (number of sections) to include More than one Iraqi governorates, and the need for the Ministry of Labor to pay attention to creating job opportunities in order to contribute significantly to the elimination of unemployment.

Key Words: Unemployment, PRM, Panel Data Models, Economic Activity Rate

### Introduction

Panel Data Models is considered one of the relatively modern methods used in analyzing phenomena whose data are in the form of cross sections linked with time, whereby the cross sectional data are analyzed for a dependent variable and