

# The Impact of Government Development Expenditure on Economic Growth in ASEAN Countries

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## Abstract

**Purpose:** In the Association of Southeast Asian Nations (ASEAN) context, where strategic investments in infrastructure and public services are important for sustainable development, exploring government development expenditures significantly impacts that link to economic growth. The study covers a crucial dimension: the impact of government development spending on economic growth around this vast region. This study investigates the impact of government development expenditures on economic growth in ASEAN countries from 2000 to 2022. It is specifically interested in charting the history of these expenditures together with their economic effects.

**Design/ Methodology/ Approach:** Based on a quantitative research design, this study applies panel data analysis to an annual secondary data set obtained from ten ASEAN nations. We use the autoregressive distributed lag (ARDL) approach to test long-run cointegration between the identified variables using a panel ARDL model. Government development expenditures are the independent variable, and gross domestic product (GDP) per capita, along with inflation, foreign direct investment (FDI) and gross national expenditure (GNE), are dependent variables.

**Findings:** The findings indicate that government development expenditures are insignificant in the short term. They have a significant effect on the economic growth of ASEAN countries in the long run. This positive relationship underscores the need for continuous, well-targeted government investment to propel an inclusive economic development trajectory. Strategic government

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investments over the long term, particularly in areas that enhance productivity and competitiveness, yield substantial economic returns over time.

**Practical Implication:** Governments in ASEAN states must prioritise sustainable development initiatives that will have long-lasting effects in their countries. The findings indicate that investment in infrastructure, human capital, and innovation is crucial to promote sustainable growth. This study may be useful to policymakers by highlighting the necessity of adequately implementing development expenditures to achieve economic progress in ASEAN countries. This will eventually provide insights to enhance society's long-term development and welfare progress.

**Originality/ Value:** This study has considerable policy implications. It shows the importance of government development expenditures, especially long-term investments in sustainable development projects, in maintaining a growing economic trend.

**Keywords:** Government development expenditure, economic growth, ASEAN countries, panel ARDL