Effects of Zakat and Government Debt on the Indonesian Economy

Annisa Munfaati¹, Heni Noviarita² dan Erike Aanggraini³
¹,²,³ UIN Raden Intan Lampung
annisa.munfaati67@gmail.com heni.noviarita@radenintan.ac.id erike.anggraini@radenintan.ac.id

ABSTRACT
In order to increase the country’s economic growth, a stimulus is needed that can be used to detect whether there is an effect or not on changes in economic growth. As in the concept of modern economic growth which involves the role of household consumption and government expenditure. This thesis also uses the variable of state debt as a form of economic stimulus so that it will increase further and the distribution of zakat is also used as a driving factor for public consumption. This study aims to analyze whether there is an influence of zakat, consumption, state debt and government spending on economic growth in Indonesia for the period 2018-2020. The type of data used is secondary data obtained from BPS, BI, and the Ministry of Finance through published agency reports that were analyzed using multiple linear regression with the help of the E-Views 10 Program. The results of this study are the variables of zakat, consumption, state debt and government spending simultaneously have an effect on economic growth in Indonesia for the 2018-2020 period. The basic formulation of the philosophy of Islamic economic development includes the first Tawhid rububiyah, which states the basics of Allah’s law to further regulate the development model based on Islam. Second, justice, namely development that is not lame (gaps), but equitable economic development (growth with equity). The third is the Khilafah, which states that humans are Allah’s representatives on earth to prosper the earth and are responsible to Allah regarding the management of the resources entrusted to them. and lastly, Tazkiyah, which is to purify humans in their relationship with Allah, each other and the natural environment, society and country.

Keyword : National Debt, Economy, Zakat

INTRODUCTION
Economic recovery by involving Islamic philanthropy as one of the supporting instruments that can influence the magnitude of the rate of economic growth in Indonesia is an effective alternative. Efforts to increase economic growth can be done by improving the state’s internal conditions, starting from infrastructure to people’s income, in achieving this the State certainly requires a lot of funds used as a source of financing and expenditure (Changyong et al., 2012). The funds are used for the consumption needs of both households and the government as in the concept of economic growth in terms of expenditure, that consumption has a contribution to the value of economic growth, because from spending allocated for consumption, economic activity will run so that it moves the economy (Swaramarinda & Indriani, 2012). During the first quarter of 2018 to the second quarter of 2020, the highest growth was achieved in the second quarter of 2018 which was 5.27 and if viewed before the pandemic, namely in the first quarter of 2018 - third quarter of 2019 the
stability of economic growth was at an economic growth rate of 5% per year. The fluctuations were not too significant, but at the end of 2019 which was the year the spread of the coronavirus in Indonesia caused the Indonesian economy to experience a decline in economic growth until at the beginning of 2020 it fell to 2 percent, this significant decline did not stop in the first quarter of 2020. In the next quarter, Indonesia experienced negative economic growth which reached -5.31 percent. Turning 180 degrees the economic growth experienced by Indonesia caused the economy to become unbalanced and the economic condition of the people got worse when many people lost their sources of income. Due to the decrease in people's income, the impact is a decrease in the number of household consumption. So there is a direct relationship between consumption and economic growth. Based on the foregoing, household consumption growth in Indonesia during 2016-2020 fluctuated and tended to remain at 5%, but in 2020 household consumption experienced a significant decline where consumption occurred in the 3% range. This decrease in consumption has causes and consequences where the main cause of decreased consumption is a decrease in people's income, on the other hand that this decrease in consumption is due to the influence of people's purchasing power which is getting lower, causing economic sluggishness and even when this happens continuously it will lead to an increase in the number of poverty and inequality in society. Based on research conducted by Afifah, et al that the expenditure allocated for consumption has a positive and significant influence on economic growth, this increase in consumption can improve the economy where at that time when consumption increased, the economy was running (Afifah, et al., 2019). The existence of the coronavirus pandemic shows that household consumption has decreased which can illustrate the Indonesian economy is experiencing difficulties, even though economic growth is not only supported by consumption, but consumption's contribution to economic growth has a large influence. As explained in Hidayat and Astute's research, the economy is largely supported by the state of consumption of the people. When consumption shows an increase, it can have a positive impact on the economic condition of the country (Hidayat, 2021).

The state of declining consumption which can cause economic growth to decline, so to restore optimal economic conditions as the government's contribution to restoring the situation, the thing that can be done is to create a program of direct assistance to the affected people, on the other hand the government also spends a lot of funds for the purposes of handling the coronavirus outbreak. Based on the annual report, it shows that the State of Indonesia has always experienced a state budget deficit from 2016 to 2020, where at the beginning of the research year the deficit was achieved at -317 trillion rupiah and in the following year the deficit increased by 35 trillion rupiah, while in the following year until the end of the research year the realized deficit is 308 trillion rupiah. Although the State of Indonesia adheres to a deficit budget policy in which the policy chosen by the State of Indonesia is a system of spending greater than state revenues which aims to expand economic activity in the context of a developed country, the practice of meeting the deficit is obtained from the source of state debt. Based on the research of Changyong, et al., it shows that the
state debt can be used as an instrument to trigger economic growth, because the money can be used as an injection of funds that can be aimed at improving infrastructure and the state’s economy, especially after the economic crisis that caused the economy in various aspects to be affected, so that the economic situation which was initially sluggish due to the crisis, can be refreshed with these funds and economic enthusiasm. Therefore, this debt can be used as a stimulus for economic growth (Changyong et al., 2012).

In line with this research, according to (Shittu et al., 2020) and (Akram, 2015) that state debt can help the state in overcoming economic problems because the debt can be used for productive things that can increase the country's economic growth. However, according to Mensah and Allotey, it is important to note that the use of state debt must not exceed the limit of ability to pay, especially Indonesia is a developing country that must limit the use of debt even though the debt is used for the needs of the country's economy in economic improvement, the maximum limit that needs to be considered is 50-80% of the country's GDP, if it exceeds this percentage, the country will have difficulty paying it even can hinder economic growth itself (Mensah et al., 2019). On the other hand, according to Shittu et al. the state debt has a negative relationship with economic growth and there is a causal relationship between the two, so that the state debt according to his research can worsen the economy of a country because it becomes unfocused in achieving increased economic growth due to having to think about paying off the country's debt. Economic growth is hampered by debt itself (Shittu et al., 2018). Other studies which show that there is a negative relationship between state debt and economic growth are (DiPietro & Anoruo, 2012), (Chen & Li, 2019) who conclude that the state debt on the other hand can be used to meet financially deficient posts that are useful for restoring the state’s economic condition, but on the other hand Others can have a new impact, namely the low ability of the State to pay the debt.

Based on the state financial report, it shows that fluctuations in the development of Indonesia's sovereign debt tend to decrease in debt, where 2020 is the year of the lowest debt achievement of 351.9 trillion rupiah when compared to the previous debt of more than 370 trillion rupiah. This shows that in the Indonesian National Budget with a state deficit budget policy, another source of funding used is debt and this is a step taken by Indonesia to stimulate the economy because the debt is allocated to finance development and the Indonesian economy is expected to grow. Basically, apart from state debt, there are other sources such as tax revenues that can be used by the state for economic improvement purposes, according to (O. O. Olaoye et al., 2019) This government expenditure has a positive impact on the state of the country's economy, because the existing funds are used for economic stimulus purposes so that they become motivated (O. O. Olaoye et al., 2020). Whereas in the previous study using the Panel Vector Autoregressive (PVAR) method, (O. O. Olaoye et al., 2019) also showed that government spending did not have an impact on economic growth and there was no causal relationship either in one direction or in two directions, so the results of this study concluded that government spending did not give any results on the country’s economic growth. This is in line with the research...
that according to (O. Olaoye & Afolabi, 2021) states that government spending does not have a positive impact on increasing the country's economic growth, this is indicated because most of the allocation of funds issued is not on target and the level of efficiency in the use of funds is not controlled so that the funds used are not misdirected. good and does not provide maximum results in the country's economic growth.

Based on Indonesian taxation publications, every year, Indonesia experiences an increase in tax revenue and in 2020 is the peak of tax revenue which reaches 1,861.8 trillion rupiah compared to previous years, which was below 1,650 trillion rupiah. Although tax revenues have increased, basically with the State deficit budget policy, total government spending far exceeds the income figure so that in the end it remains at the deficit figure. However, that government expenditure is intended for economic recovery efforts. On the other hand, in addition to government spending, the zakat variable can also have an influence on economic growth because the funds obtained can be directly used for consumption purposes for certain goods or services, so that this will stimulate the movement of a country’s economic growth. As stated in table 1.6 below, it shows that zakat has a correlation with economic growth. Based on the development of the Indonesian Muslim population which is correlated with zakat management, zakat has a relationship in line with the country's economic growth rate and based on research according to (Ben Jedidia & Guerbouj, 2020) zakat funds are used for consumption and investment allocations that can trigger economic growth. This is also stated by (Murniati & Beik, 2014) in their research which explains that zakat funds received can provide additional income for people who are ready to spend. Research that examines the influence of zakat on economic growth includes (Romdhoni, 2017) who shows that the zakat variable can have an influence on economic growth as well as minimize poverty, zakat is also an alternative to alleviating poverty and in the end economic growth is realized faster because there is a reduction in poverty which causes a decrease in poverty. economic growth due to a small level of income to be allocated for consumption (Munandar et al., 2020). Furthermore, research conducted by (Purwanti, 2020) and (Ridlo & Setyani, 2020) also shows that zakat funds have a positive influence on Indonesia's economic growth. This shows that zakat funds can affect economic growth and this variable will be used to determine whether there are the same results when conditions occur differently (analyzed during an economic recession).

The main problem in this thesis research is the increasing number of government expenditure allocations during the research year which is indicated by an increase in the number of state budget deficits, even though the amount of Indonesian tax revenues has increased, but the amount of spending is still much larger for economic funding coupled with the existence of state debt as a source of income. closing the budget deficit and the existence of assistance with zakat variables that can be utilized by the community to meet the basic needs of the community, but in reality it shows that these efforts have not been successful where the number of inputs has been increased but the output does not give maximum results where economic growth shows instability even in 2020 which in fact state spending was maximized.
but economic growth showed negative results. This is a problem that needs to be studied to determine the relationship between these variables. On the other hand, based on several previous studies that there are still inconsistent results on state debt, government spending and zakat funds on economic growth, this research is motivated to conduct related research whose functions can contribute to the economy, especially for economic recovery, namely to increase growth. the country's economy after the COVID-19 pandemic. Therefore, the research specifically examines "Analysis of the influence of Zakat, State Debt and Government Expenditures on Economic Growth in the Covid-19 pandemic era".

METHOD

This thesis research is a quantitative research based on the philosophy of positivism, which is used to examine the population represented by a particular research sample, with the aim of testing the hypothesis that has been proposed (Sugiyono, 2016). This study uses secondary data analysis and data analysis method used multiple linear regression. The method used is descriptive quantitative through Secondary Data Analysis (ADS) and verification approaches. Descriptive analysis is a method in examining the status of a group of people, an object, a condition, a system of thought, or a class of events in the present. The purpose of this descriptive method is to make a systematic, factual and accurate description, picture or painting of the facts, characteristics and relationships between the phenomena being investigated (Nazir et al., 2018). The population in this study is the development of economic growth in 2018-2020 with the data used is monthly data so that 36 data are obtained. Based on the research population above, this study uses a saturated sample where members of the population are used as research samples.

Normality test. A good regression is a regression that has data that is normally distributed. Normality test needs to be done to see that the data from each variable to be analyzed is normally distributed. The normality test in this study used the Kolmogorov-Smirnov test (Ghozali, 2018).

Heteroscedasticity Test. A good regression model is that the residual variance is homoscedastic or does not occur with heteroscedasticity symptoms. The aim is to find out whether in the regression model there is a similarity of variance from the residuals of one observation to another observation. To determine the presence of heteroscedasticity symptoms, the glejser test can be used. The glejser test is carried out by regressing the independent variable to its absolute residual value. If the significance value >= 0.05 (5%), it can be said that the regression model does not contain heteroscedasticity.

Autocorrelation Test. The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in the previous period (t-1). The consequence of autocorrelation is the probability of confidence being large and the variance and standard error values will be underestimated. Autocorrelation can be detected by performing the Durbin-Watson test (d). The results of the Durbin-Watson calculation (d) are compared with the table d value at = 0.05, in table d there is an upper limit
value (dL) and a lower limit value (dU). If d < dL and if d > 4 – dL then there is autocorrelation. If dU < d < 4 – dU, it means that there is no autocorrelation (Ghozali, 2018).

Multicollinearity Test. The multicollinearity test aims to test whether there is a strong/high correlation between the independent variables in the regression. Detection of multicollinearity in the model multiple regression, can be done by looking at the value of VIF (Variance Inflation Factor) from the results of the regression analysis. This measure shows which independent variables can be explained by other independent variables. If VIF > 10, it can be said that there is serious multicollinearity.

Analysis of the data used as an economic model is multiple linear regression. Multiple analysis is used to find out how the dependent variable criteria can be predicted through independent variables or predictors, partially or simultaneously (Ghozali, 2018).

RESULT
The discussion and test results using the help of E-Views 10 in this thesis with the variables used, namely zakat, consumption, State debt, and government spending on economic growth in Indonesia in the 2018-2020 period on a monthly basis is a research analysis that discusses how changes in economic growth that occurred in Indonesia which was influenced by several economic variables as mentioned above. This research will analyze economic growth during the 2018-2020 period that occurred in Indonesia by utilizing published data issued by the Central Statistics Agency (BPS), Bank Indonesia (BI), the National Amil Zakat Agency (Baznas) and the Ministry of Finance (Ministry of Finance). Ministry of Finance) in Indonesia as the data source for this research.

Normality test. The normality test used in this thesis research is to test whether in the regression model, the confounding or residual variables have a normal distribution. Confounding variables from a regression are required to be normally distributed, this is to meet the zero mean assumption if the variables are normally distributed, then the variables studied in the Y variable are also normally distributed. Normality testing is done by the Jarque Bera test by looking at the probability value. The provisions of a regression model are normally distributed if the probability of the Jarque Bera test is greater than 0.05 (p > 0.05). The results of the normality test in this thesis research are using the Eviews 10 statistical application. Based on the results of the statistical normality test, the data in table 4.2 shows that the probability value results obtained a value of 0.00 which indicates that it is very significant. The result of this value when compared with a probability of 0.05 is smaller, so it can be concluded that the research data is not normally distributed. Although the data normality was not found, the source of data input was taken from BPS statistical
publications, so that the validity or validity of the research data could be accounted for (Ghozali, 2018).

Multicollinearity Test. The multicollinearity test is used to determine the existence of deviations from the classical assumption of multicollinearity, namely the existence of a linear relationship between independent variables in the regression model. The prerequisite that must be met in the regression model is the absence of multicollinearity. The way to detect the presence of multicollinearity is done by regressing the analytical model and testing the correlation between independent variables using Variance Inflation Factor (VIF) and Tolerance Value. If the tolerance value is greater than 0.1 and the VIF is less than 10, there is no multicollinearity in the study. On the other hand, if the tolerance value is less than 0.1 and the VIF is greater than 10, then there is multicollinearity in the study. Based on the results of the multicollinearity test using the E-Views 10 statistical test, it shows that all VIF values on the variables Zakat (1.315), Consumption (6.996), State Debt (6.772) and Government Expenditure (1.116) indicate that the acquisition of these figures is more smaller than the number 10 so that the variable is free from the problem of data multicollinearity. So it can be concluded that in this regression model there are no variables that have problems with the occurrence of multicollinearity symptoms (Ghozali, 2018).

Heteroscedasticity Test. The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance from the residual of one observation to another observation is fixed, it can be called homoscedasticity and if it is different then it can be categorized as heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. The presence of heteroscedasticity symptoms can be tested by the method Glejser by compiling a regression between the absolute residual value with independent variables. If each independent variable has no significant effect on the absolute residual (α = 0.05), then in the regression model there is no symptom of heteroscedasticity. The heteroscedasticity test was carried out by looking at the significance value after the regression was held with absolute residuals on the dependent variable. heteroscedasticity using the statistical test tool Eviews 10 shows that the significance value of the variables of Zakat, Consumption, State Debt and Government Expenditure is greater than 0.05. So that the independent variables in this study, namely Zakat, Consumption, State Debt and Government Expenditures, there are no symptoms of heteroscedasticity (Ghozali, 2018).

Autocorrelation Test. The autocorrelation test aims to test whether the multiple linear regression model has a correlation between the error of use in period t and the error of using t-1 (previously). If there is a correlation, then there is an autocorrelation problem. This arises because the observations are successive over time related to each other. A good regression model is a regression that is free from autocorrelation. Determination of the presence of autocorrelation can be known through the Durbin Watson test value (with a value of = 0.05, where d= Durbin Watson and dL dU are numbers from the Durbin Watson table) when the value of
d < dL or d > 4-dL then the data contains autocorrelation. Meanwhile, for data that has no autocorrelation, dU < d < 4-dU. Based on the results of the Durbin-Watson test using Eviews. The value of Durbin Watson refers to the results of multiple regression statistics, where each to facilitate in determining the autocorrelation of research variables. The following is a table explaining the acquisition of Durbin Watson’s numbers. Based on the test data in table 4.5 above, it shows that the Durbin-Watson value is 0.8621 (4-d) > dU (3.1529 > 1.7245) so that the variables of Zakat, Consumption, State Debt and Government Expenditures can be concluded that there is no autocorrelation occurs either negatively or positively in this thesis research (Ghozali, 2018).

Multiple Linear Regression Analysis. The data analysis used in this thesis research is multiple linear regression analysis where regression analysis is a study of the dependence of the dependent variable with one or more independent variables. The purpose of this analysis is to determine the magnitude of the influence that can be caused between the influence of zakat, consumption, state debt, and government spending on economic growth in Indonesia in the 2018-2020 period. The regression analysis in this thesis uses the help of statistical tools, namely eviews 10 where the results of running the research data is shown in table 1 as follows.

**Table 1 Multiple Linear Regression Analysis Test Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>3652.086</td>
<td>997.4795</td>
<td>3.661314</td>
<td>0.0009</td>
</tr>
<tr>
<td>ZAKAT</td>
<td>0.923426</td>
<td>0.856188</td>
<td>1.078533</td>
<td>0.2891</td>
</tr>
<tr>
<td>KONSUMTION</td>
<td>-268.7126</td>
<td>84.80747</td>
<td>-3.168501</td>
<td>0.0034</td>
</tr>
<tr>
<td>NASIONAL DEBT</td>
<td>15.83969</td>
<td>17.18742</td>
<td>0.921587</td>
<td>0.3639</td>
</tr>
<tr>
<td>GOVERMENT</td>
<td>-0.422491</td>
<td>0.414301</td>
<td>-1.019767</td>
<td>0.3157</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.505865</td>
<td>Mean dependent var</td>
<td>1.927056</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.442106</td>
<td>S.D. dependent var</td>
<td>1.266577</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.946035</td>
<td>Akaike info criterion</td>
<td>2.855173</td>
<td></td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>27.74448</td>
<td>Schwarz criterion</td>
<td>3.075106</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-46.39311</td>
<td>Hannan-Quinn criter.</td>
<td>2.931935</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>7.933989</td>
<td>Durbin-Watson stat</td>
<td>0.847089</td>
<td></td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000159</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the regression analysis test above will then be used in the formation of an economic model for drawing conclusions between the variables used. The conclusion was drawn partially and simultaneously to see the influence of the research variables, which will then be known that there is an influence between the variables of zakat, consumption, state debt and government spending on economic growth in Indonesia in the 2018-2020 period and it will also be known how much the influence of the independent variable on the dependent variable used.
DISCUSSION

The effect of zakat funds on economic growth in Indonesia 2018-2020. Based on the results of the partial test using the statistical evaluation tool 10 on the zakat variable on economic growth in Indonesia in 2018-2020, it shows that the probability significance value is 0.289 > from = 0.050. So this shows that H1 is rejected, meaning the zakat variable has no effect on economic growth in Indonesia in 2018-2020. Based on the classical economic growth theory by Adam Smith that the quantity of the number of people will greatly affect the economic growth of a country because by having a maximum number of workers it will produce high production. Furthermore, when the labor factor or labor is available in sufficient quantity, this will support every development designed by the state and can accelerate its growth rate, where the availability of the population will produce high output. When this process proceeds with maximum and continuity, cumulatively the achievement of a country's economic growth will be more realistic (Sari et al., 2016). If referring to the results of the population census in 2020 by the statistical center agency, the total population of Indonesia is recorded at 273.7 million people or about 80% are Muslim, if 80% of this pays zakat, the amount of income can be used as a stimulus for economic growth, the state will faster to achieve a more prosperous economy. However, based on publications in Baznas, there is still a lack of public awareness in paying zakat and also the large number of Indonesian people who are categorized as mustahik not as muzakki with a ratio of 862 muzakki : 1,292,246 mustahik which makes zakat funds absorbed for the distribution of mustahik, so that economic growth is difficult to increase even slow down.

This thesis research shows that zakat has no effect on economic growth in Indonesia in 2018-2020. This study supports the previous research conducted by Karuni with the title of the effect of zakat funds on human development in Indonesia which concluded that zakat funds had no effect on economic growth in Indonesia (Karuni & Sri, 2020). On the other hand, this thesis research rejects the results obtained by (Purwanti, 2020) with the research title The Effect of Zakat, Infaq, and Alms on Indonesia's economic growth, according to which zakat provides an economic driving stimulus in terms of people's purchasing power when zakat funds are distributed to mustahik for consumption which then figures household consumption will increase which will have an influence on economic growth through the demand for a high number of product outputs in the community. Based on the results of statistical tests, it shows that zakat has no effect on economic growth. The distributed zakat should be able to assist the government in increasing the country's economic growth, but this research has different results where zakat has no effect on economic growth due to the zakat funds that have been distributed to mustahik allocated for unproductive consumption and more towards spending on goods produced by abroad or foreign products so that the turnover and demand for domestic goods decreases and the flow of circulation is smoother for foreign products (imports) so that this can harm the Indonesian economy.

On the other hand, if the collected zakat funds are postponed and used for state investment needs and later the profits can be distributed to mustahik, of course
this will give sustainability to zakat to mustahik. The investment scheme will certainly have a positive impact on many parties where zakat funds are used for infrastructure or the country's development needs which later on any profits obtained can be distributed to each mustahik, of course this will form a sustainable symbiosis mutualism relationship and will help accelerate Indonesia's economic growth. Instead of being distributed directly and used up immediately, this will certainly lead to an increase in poverty and will not help increase economic growth. However, in reality, the zakat fund distribution scheme is directly given to mustahik so that the results of this study have the conclusion that there is no effect of zakat on economic growth in Indonesia in 2018-2020. From a macro perspective, economic indicators are not only seen from growth but also from the level of equity. Economic growth means how large the number of goods and services produced in an economic area is, while equity means how much of the goods and services produced are enjoyed by residents in the economic area. High economic growth does not necessarily indicate fair distribution. Likewise, on the other hand, fair distribution has not shown high growth. In theory both should be achieved simultaneously, high growth as well as fair distribution.

Partial influence of consumption on economic growth in Indonesia 2018-2020. Based on statistical calculations using eviews 10 between the consumption variables on economic growth in Indonesia for the 2018-2020 period, it shows that the probability significance is 0.003 < fr = 0.05. So this shows that H2 is accepted, meaning that the consumption variable has an effect on economic growth in Indonesia for the 2018-2020 period. Based on the Keynesian economic growth theory that one of the determinants of economic growth in the expenditure sector is the household expenditure side or household consumption. It is assumed that when consumption runs consistently and continuously, it shows that people's purchasing power is maintained and the economic cycle continues to run normally. When consumption activities run normally, the need for goods and services will also be constant and even tend to increase which will have an impact on the production of an increasing and smoother number of goods. This rotation of activities when carried out in a sustainable manner will increase the country's economic growth and will accelerate the welfare of the community. So it needs to be a concern that consumption activities also remain consistent with goods that provide productive value so that the consumption carried out also provides added value to the community and to producers of goods.

Based on this thesis research, the results show that consumption variables have an influence on economic growth in Indonesia in 2018-2020. This thesis research supports the research conducted by (Afiftah et al., 2018) which examines the analysis of the effect of government consumption expenditure and household consumption expenditure on economic growth in Indonesia in 1988-2017. Based on the results of his research, it shows that consumption has a positive and significant influence on economic growth because consumption encourages economic activity in a country. With consumption, the demand for goods will also increase and avoid the sluggishness of people's purchasing power. (Hata & Barauly, 2017) also conducted a
study with similar results with the title of the effect of household consumption and private investment and government spending on economic growth, where the results show that the consumption variable has a significant influence on economic growth because household consumption can smooth the economic cycle by consume production goods that can add value to the consumer's family.

On the other hand, it shows that this thesis research rejects the results of the research conducted by (Martaningsih et al., 2020) with the title of the study, namely the influence of household consumption expenditure, government spending on employment and economic growth in Bali. Based on the results of his research, it shows that household consumption variables do not have a significant effect on economic growth, this is because household consumption is based on consumption of consumptive goods and tends to be online shopping produced by foreign producers who do not contribute to economic growth. So that the actions or consumption activities that are carried out do not have an impact on Indonesia's economic growth. Based on the statistical results that this thesis has the result that the consumption variable has an influence on economic growth. Because basically in the concept of economic growth in terms of expenditure that consumption participates in helping to spend the goods produced so that the amount of demand for an item will continue to exist and increase. However, in this thesis, although the consumption variable has a significant effect on economic growth, the coefficient shows a negative sign, which means that there is an inverse relationship between consumption and economic growth. This means that any increase in the consumption rate will actually reduce the country's economic growth rate. This is because consumption that occurs in Indonesia is more of goods than imports with the lure that it is branded and cheaper, so it does not consume domestic products. In such conditions, the consumption that occurs will actually become a boomerang for domestic economic growth which will reduce the rate of economic growth because domestic economic activities are not running and not developing.

Partial influence of state debt on economic growth in Indonesia 2018-2020. Based on calculations using statistical evaluation tools, the variable state debt and economic growth in Indonesia in 2018-2020 obtained a probability significance value of 0.364 > from = 0.05. So this shows that H3 is rejected, meaning that the state debt variable has no effect on economic growth Indonesia in 2018-2020. Referring to Schumpeter's theory of economic growth that economic growth will be more realistic if the management and accumulation of capital is effective and efficient enough so that with this capital economic activities can be expanded and stimulated properly so that they are encouraged to be more productive in producing outputs of goods and services that can increase the country's economic growth. In the context of capital, in this case, it can be in the form of state debt which can be used as capital for the expansion of more productive economic activities and for infrastructure activities so that the country's economy will continue to develop and have an impact on the country's economic growth. This state debt is present as additional funds in the context of ongoing development funding, especially as the budget concept used in Indonesia is a budget deficit where the amount of revenue is smaller than the
Expenditure allocation, so other sources of funding such as debt are needed. This budget deficit activity is nothing but the expansion of the country's economic activities so that the economy develops faster and is more productive.

Based on this thesis research that the state debt variable has no effect on the country's economic growth where this research rejects the research conducted by (Akram, 2015; Shittu, 2020) that the state debt can help the State in overcoming economic problems because the debt can be used for productive things that can increase the country's economic growth. However, according to (Mensah et al., 2019), it is important to note that the use of state debt must not exceed the limit of ability to pay, especially Indonesia is a developing country that must limit the use of debt even though the debt is used for the needs of the country's economy in economic improvement, the maximum limit that needs to be considered is 50-50%. 80% of the country's GDP, if it exceeds this percentage, the country will have difficulty paying and it can even hamper economic growth itself. On the other hand, this study supports the research of Shittu et.al which states that the state debt has a negative relationship with economic growth and there is a causal relationship between the two, so that the state debt according to his research can worsen the economy of a country because it becomes unfocused in achieving increased economic growth due to having to think about paying off the country's debt so that economic growth is hampered by the debt itself (Shittu et al., 2018). Other studies which show that there is a negative relationship between state debt and economic growth are (Chen & Li, 2019; DiPeitro & Anoruo, 2012), who conclude that the state debt on the other hand can be used to meet financially deficient posts that are useful for restoring the state's economic condition, but on the other hand Others can have a new impact, namely the low ability of the State to pay the debt. Based on the results of this thesis research that the variable of state debt has no effect on economic growth. Where the current state debt is much lower in terms of its ability to pay. Of course, this will further hamper economic growth because the focus of economic activity is focused on paying off state debt and the allocation for improving welfare will decrease further and will ultimately reduce the country's economic growth rate.

Partial effect of government spending on economic growth in Indonesia 2018-2020. Based on calculations using statistical views on the variable of government expenditure on economic growth, it shows that the probability significance number is 0.316 > from = 0.05. So this shows that H4 is rejected, meaning that the government spending variable has no effect on economic growth in Indonesia in 2018-2020. The concept of economic growth presented by Keynes stated that government spending will also help increase economic growth. Because government spending is allocated for infrastructure funding and economic access development, economic activity is expected to be more productive and produce more goods and services. This study shows that the government expenditure variable has no effect on economic growth where tax revenues can be used by the state for the purposes of economic improvement, where according to (O. O. Olaoye et al., 2020) economic growth, so that this government expenditure has a positive impact on the state of the country's economy, because the existing funds are used for the purposes of economic stimulus.
so that it becomes motivated. Whereas in the previous study using the Panel Vector Autoregressive (PVAR) method, (O. O. Olaoye et al., 2019) also showed that government spending did not have an impact on economic growth and there was no causality relationship either in one direction or in two directions, so the results of this study concluded that government spending did not give any results on the country's economic growth. This is in line with the research that according to (O. Olaoye & Afolabi, 2021) states that government spending does not have a positive impact on increasing the country's economic growth, this is indicated because most of the allocation of funds issued is not on target and the level of efficiency in the use of funds is not controlled so that the funds used are not misdirected, good and does not provide maximum results in the country's economic growth.

The effect of zakat funds, government spending, state debt and consumption simultaneously on economic growth in Indonesia 2018-2020. Based on the simultaneous test of all independent variables with the dependent variable, namely economic growth in Indonesia for the 2018-2020 period, it can be seen that the significance value is 0.000 < 0.050 (alpha). Based on this, it can be concluded that there is a positive and significant influence between the variables of zakat, consumption, state debt, and government spending together or simultaneously on economic growth in Indonesia for the period 2018-2020. Based on classical economic growth theory and Keynesian theory that the economy will increase if the number of inputs used is smaller than the amount of output produced, or in other words that economic growth in the current period is much better than the economic growth of the previous period. Meanwhile, economic growth can also be viewed from the side of aggregate expenditure where there is a combination of household consumption expenditure, government spending, investment and export-import activities. Based on these variables, the largest contribution is household consumption. This is the largest contributor to economic growth because household consumption activities will consume directly and final consumers of the goods and or services produced, industrial goods and services activities will run if households continue to carry out consumption activities and this becomes the driving force for economic circulation where The purchasing power of the people remains active and the economy continues in the community. So that consumption has a significant contribution to the country's economic growth.

The next contribution is government consumption or government spending which is also a vital variable that can have a significant effect on changes in the country's economic growth, where the government with certain funding needs is allocated for the improvement and development of state infrastructure. When travel development is carried out, this will be a support and at the same time access for the movement of the economy of a country and the community can become economic actors who can participate in facilitating economic activities. When economic activity goes well, it will automatically improve a country's economy, especially when the flow of goods between supply and demand runs naturally, this will accelerate the country's economic growth rate. Some researchers who have similar results with the results of this study are such as (Widiawati & Raharja, 2012) with the research title namely
Indonesia's economic growth with an Islamic perspective: the role of inflation, government spending, foreign debt and Islamic financing, where the variables of government expenditure and foreign debt and research variables simultaneously have an influence on Indonesia’s economic growth. The variables used as a whole have an effect on the Indonesian economy so they need to be a concern in achieving Indonesia's economic growth. In another study, it was also stated that zakat can contribute quite optimally to economic growth as has been done by (Romdhoni, 2017) in his research entitled Zakat in encouraging economic growth and poverty alleviation, in his research confirms that the zakat variable can be used to stimulate economic growth because it provides opportunity for the community to carry out economic activities through the provision of zakat funds. Furthermore, according to (Al-Haj Hatfan & Ikhsan, 2021) in their research entitled the influence of infrastructure and zakat on economic growth (Case study in the city of Banda Aceh) that zakat is able to become a supporting factor in increasing economic growth and all variables can simultaneously contribute to economic growth. Another similar study as conducted by (Tambunan, 2016) with the research title is the analysis of the effect of monetary operation investment and ZIS on Indonesia's economic growth, which has the result that all research variables are concluded to have a significant impact on economic growth so that each independent variable used has a significant impact on economic growth. play an important role in determining the increase in the country's economic growth. Based on some of the studies mentioned above, the results of the thesis research support previous research that the variables of zakat, consumption, state debt and government spending simultaneously have an influence on Indonesia's economic growth. Overall, these independent variables have a significant impact on changes in numbers on the country's economic growth.

**CONCLUSION**

Based on the formulation of the problem proposed and then analyzed based on field data, analyzed statistically and the existence of theories relevant to the variables, this study has results. and government spending has a significant effect on economic growth with a significance value of 0.00 which is smaller than the alpha value used (5%) on the other hand that the ability of all independent variables to affect the dependent variable is 50.6%. So that all research variables have a contribution to Indonesia's economic growth so it is necessary for management and attention to be maximized in influencing Indonesia's higher economic growth. This research is still very limited to research variables that only target zakat, consumption, state debt and government spending on economic growth, so it is still necessary to add other variables in terms of their influence on economic growth. On the other hand, the research period is still short and the duration of the research needs to be extended so that the results of the study and analysis are more in-depth and have more comprehensive results.

**REFERENCES**


