

ABSTRACT

Poverty is a major problem in economic development that remains difficult to overcome, especially in developing countries, including the ASEAN-7 (Indonesia, Cambodia, Laos, Myanmar, the Philippines, Vietnam, and Thailand). This phenomenon aligns with the vicious circle of poverty theory, which explains that poverty results from low productivity, which leads to low income, thus inhibiting savings and investment and perpetuating poverty. This study aims to analyze the effects of remittances, economic growth, unemployment, government expenditure, FDI, and trade openness on poverty in the ASEAN-7.

This study uses secondary data from the ASEAN-7 for the 2009-2024 period, obtained from the World Bank, Our World in Data, and ASEAN Statistics websites. The analysis method used is panel data regression with a Fixed Effect Model with Robust Standard Error.

The results indicate that remittances have a significant effect on poverty reduction because increased remittances, received as additional household income, can improve people's living standards, thus driving poverty reduction. Government spending and trade openness also have a significant effect on poverty reduction through increased income and productivity. Meanwhile, economic growth, FDI, and unemployment have no effect on poverty.

Keywords: Poverty, Remittances, Economic Growth, Unemployment, Government Expenditure, FDI, Trade Openness, FEM

