ABSTRACT

VARIABLE-EFFECT ANALYSIS OF MACRO ECONOMIC VARIABLES ON THE EFFECTIVENESS OF MONETARY POLICY IN INDONESIA 2000.1-2008.IV PERIOD

By

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Since the enactment of Law No. 3 Year 2004, Bank Indonesia has a single purpose tools that are 'forward looking' with approaching price. This is especially important considering that inflation is any significant effect on economic activity, especially for countries that embrace open economy like Indonesia. To achieve this objective, Bank Indonesia set a target for inflation each year as a reference if inflation can be controlled. However, inflation often occurs not in accordance with the established inflation target. This is caused due to various factors that can affect inflation, among others, the Gross Domestic Product (GDP), exchange rate of rupiah against the U.S. dollar and interest rate Bank Indonesia Certificates (RSBI).

This study aims to determine the effect of various macroeconomic variables used in the research, namely the Gross Domestic Product (GDP), exchange rate of rupiah against the U.S. dollar and interest rate Bank Indonesia Certificates (RSBI) which are theoretically predicted strong influence on the effectiveness of monetary policy as reflected by the rate of inflation. This study uses data from the 2000 first quarter to 2008 fourth quarter. The research method is quantitative analysis with the OLS model (Ordinary Least Square).

Before the implementation of the linear regression estimation with OLS models, the first test done to determine whether stationary or not stationary data at a level, 1st and 2nd difference and difference. Based on calculations with a stationary test, it is known that all of the variables used in the study transformed to a stationary after the integration of two-level degrees (2nd difference) that can then estimate OLS models. Model OLS (Ordinary Least Square) consists of normality test, heteroscedasticity, autocorrelation test and multicollinearity tests show all the variables in the study meet the classical assumptions. Furthermore, to test the hypothesis that has been done, the F test results showed all the independent variables significantly influence the effectiveness of monetary policy as reflected by the rate of inflation. For partial test (t test), the variable Gross Domestic Product (GDP) and interest rate Bank Indonesia Certificates (RSBI) gives a positive and significant influence on the rate of inflation while the value of the rupiah against the U.S. dollar is partially not give effect to the rate of inflation.