

ABSTRACT

ANALYSIS OF EFFECT OF THE MONETARY POLICY FRAMEWORK FOR CONSUMPTION AND INFLATION IN INDONESIA (Period 2001:01-2005:06 and 2005:07-2013:12)

By

DINA ARIYANTI

This study was conducted to determine the effect of changes in the monetary policy framework of the monetary policy framework *of the monetary base* monetary policy framework become *Inflation targeting* framework. The results of the analysis using the *Ordinary Least Square* shows that the period *of the monetary base* monetary *targeting* base money targets using a positive effect on consumption, and negatively affect the base money inflation, then through lines consumer credit interest rates negatively affect consumption and inflation in Indonesia. On the monetary policy framework Period *inflation targeting* using monetary targets Bi Rate negatively affect consumption, and Bi Rate positive effect on the inflation rate, then the interest rate of credit through the consumption negatively affect consumption and inflation in Indonesia. Of *R-squared* The second equation shows that the *R-squared* Period *Inflation targeting* larger than the period *of the monetary base targeting*.

Keywords: Framework for Monetary Policy, Base Money, Bi Rate, Interest Rate, Consumption, Ordinary Least Square.