THE ANALYSIS INTERDEPENDENCY OF MONETARY POLICY INSTRUMENTS WITH UNEMPLOYMENT IN INDONESIA

FITRAWATY
Business Education Program
Faculty of Economics
Universitas Negeri Medan
Email : fitra53@gmail.com

ABSTRACT

This study analyzes how the interdependence of monetary policy instruments with unemployment in Indonesia during the period of 2000 - 2011. The data used are time series data obtained from Bank Indonesia, Central Bureau of Statistics and other related bodies.The method used in this research is Vector Auturegression (VAR) followed by Structural Vector Auturegression (SVAR), which predicts how interdependence of monetary instrument and unemployment rate in Indonesia. Conducted shock to monetary instrument in order to predict its effect on unemployment rate in Indonesia and known how the impact of shock given in the short, medium and long term. There are several conditions that must be met in this approach that is the unit root test and the degree of integration to determine whether the data used stationary or not. Otherwise the stationary regression generated becomes inefficient. The cointegration approach is one of the most commonly used ways in economic research to avoid lancid regression, ie by incorporating more variable lag (lag).Conclusion In this study, Based on the results of VAR and SVAR interpretation, it is specifically found that there is a link between monetary instruments and macro indicators of unemployment, with different directions. the domestic interest rate (rDom) has a negative direction on the unemployment variable, while the minimum statutory reserve requirement (GWM), exchange rate (EXC) has a positive direction on the unemployment variable. The parcels of monetary instruments partially have no significant effect on UNEMP. Similarly, after the shock of 5% increase of OPT variable in 2010, it was found that OPT, GWM, rDiskonto, rDOM, EXC, also no significant effect on unemployment macro indicator (UNEMP).

Keywords: Monetary Policy, Variance Decomposition, Impulse Responses, Unemployment