ESTIMATING INFLATION THRESHOLD IN INDONESIA (2005 Q3 – 2017 Q2)

A THESIS

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DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis. If in the future this statement is proven to be false, I am willing to accept any sanction complying with determined regulation or its consequence.

Yogyakarta, September 24th, 2018

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Abstract

Inflation is an economic phenomenon that concerns various parties. Inflation is not only the concern of the society, but also the concern of the business world, the central bank, and the government. Inflation can affect the society and economy of a country. Many western countries had adopted Inflation Targeting Framework since 1990s as their monetary policy stance to control inflation. In Indonesia Inflation Targeting Framework (ITF) had adopted based on policy rate (BI Rate) as monetary policy stance for Bank Indonesia since July 2005.

The dynamic monetary policy changes for monitoring and stabilized the inflation in Indonesia, untrack-able to do research to figure it out the main problems in history of inflation in Indonesia since independent. This study tries to figure it out the red line of the inflation threshold in Indonesia since 2005 Q3 when BI Rate as policy had adopted as monetary policy stance until current in 2017 Q2. The purpose of this research to see what major problems caused inflation high. In addition, this study sees how government can control the inflation back on track.

Keywords: Inflation, Inflation Targeting Framework (ITF), Monetary Policy, Inflation Threshold

Abstrak

Inflasi merupakan sebuah fenomena ekonomi yang melibatkan banyak pihak. Inflasi tidak hanya menjadi perhatian bagi masyarakat, tetapi juga dunia usaha, bank sentral dan juga pemerintah. Inflasi bisa mempengaruhi masyarakat dan perekonomian sebuah negara. Semenjak tahun 1990an, beberapa negara barat sudah mengadopsi ITF (Inflation Targeting Framework) sebagai bagian dari kebijakan perekonomian mereka untuk mengontrol besarnya inflasi.

Kebijakan moneter di Indonesia yang selalu berubah-ubah mengakibatkan adanya kesulitan dalam menlacak permasalahan utama dari inflasi yang terjadi di Indonesia pada tahun sebelumnya. Penelitian yang penulis lakukan ini mencoba untuk mengetahui garis merah ambang batas inflasi yang ada di Indonesia semenjak Q3 tahun 2005 ketika pemerintah menggunakan BI rate sebagai kebijakan moneter hingga Q2 tahun 2017. Sedangkan tujuan penelitian ini sendiri adalah melihat permasalahan utama yang menjadi penyebab tingginya inflasi dan melihat sejauh mana pemerintah dapat mengendalikan inflasi ini sendiri.

Kata kunci: Inflasi, Inflation Targeting Framework (ITF), Kebijakan Moneter, Ambang Batas Inflasi