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A Synthesis Keynes-Monetarist and Real Business Cycle Model to Inflation and Unemployment in Indonesia 2000.1-2014.4

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Abstract

This research is addressed for the construction of Synthesis between Keynesian, Monetarist and Real Business Cycle Model to the inflation and unemployment Data is used quarterly data 2000.1 - 2014.4, The result of this research with the Keynesian model is the aggregate demand gap has no significance effect to inflation rate and the unemployment rate. But when model of variable input mount the unemployment, exchange rate, wage and the aggregate demand gap of hence yielding elastic inflation elasticity finding of positive of equal to 2,48 to the unemployment rate, and the inflation elasticity to foreign exchange is inelastic positive significance of equal to 0,88. As for the influence of wages to inflation is significantly negative elastic of equal to – 1,89. Besides, in model is also shown by condition of significance of influence of variable of aggregate demand gap to inflation of equal to 0.31. Meanwhile, Inflation in perspective monetarist viewed as by a monetary phenomenon, where the inflation influenced by money supply of equal to 1.858. Besides, Monetarist also express of relation significance of between GDP summed ugly is money supply is inelastic positive significance of equal to 0.1247. The RBC Model shows that the investment elasticity to output is significance inelastic positive equal to 0.405467, that way also with the influence of the population to GDP is significance negative equal to - 1.259925 . The other side, is founded by of Unemployment elasticity to wage rate is significance positive of equal to 0.413. Meanwhile, with the model of synthesis Keynes-Monetarist and RBC lay open that output (GDP) is influenced by the positive significance of equal to 0.206026 . The synthesis model is also expressed by that governmental fiscal governmental expenditure as a means of shows influence which significant to unemployment equal to 0.149. While component amount of money supply, affecting negativity significance to unemployment of equal to 0.55887.

Keywords: Synthesa Keynes; Monetarism; Real Business Cicle; Inflation; Unemployment.

Introduction

Globalization and world economic recession in the form of weakening the world economic growth, where the worldwide economy in the year 2006 growing 5,2 percent and downhill become 4,9 percent in year 2007 and also 3,7 percent in year 2008. the Degradation symptom, is also faced by the industrial state and developing countries, economic growth deceleration of United States from 2,2 % in the year 2007 becoming 0,5 % in the year 2008 and 0,6 % in the year 2009. Meanwhile, nations group which is developing to alight from 7,9 % in the year 2007 becoming around 6,7 % in the year 2008.(IMF, World Economic Outlook, April, 2008)

Economic dynamics of Indonesia of during monetary crisis period 1998 and crisis which knock over the worldwide economy 2008, becoming strong stepping base to a number of policy determinant to be able to precisely and effectively policy to be degraded to overcome a number of the crisis, barbed goodness with the economic growth, inflation and also unemployment. Especial source of determination of GDP Indonesia still predominated by the consumption expenditure, nearly 60 percent of expenditure contribution consumption expenditure in forming GDP. Height of The contributions of consumption expenditure to GDP (Gross Domestic Product) as indication that tired by economics growth the no other represents the result from make-up of aggregate demand.

The statistic data shows that economic growth of Indonesia 2004 is positive of equal to 5,4 percent and 5,5 percent of year 2006 and also economic growth equal to 6 percent in year 2008. high The rationality of economics Growth ought to can to lessen the unemployment, but if made by an comparison of The Indonesian economic in the year 2002 with the economic growth equal to 4,2 percent and mount the unemployment 9,1 percent, later in year 2007 with the economic growth 6,3 percent, but mount the unemployment of equal to 10,6 percent. But, base of at Okun'S Law of where prediction that there are

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an negative relation between rate of change of unemployment with the rate of change output. Therefore, the condition of Indonesia does not in line with the theory.

A.W. Phillips, laying open that there are hand in glove relation between inflation with the level of unemployment, in meaning of if high inflation, hence unemployment will lower the. Theory of effective demand Keynesian lay open that output aggregate determined by the potentially of aggregate demand as source of instability, especially when investment become the principal point of instability cause. Decade uncertainty come also create the desire for the liquidity of so that variation of the demand for money which change the money offer can influence the output and employment, the increase of money offer cause the degradation mount the rate of interest earn the stimulation of the aggregate expenditure through the increase of investment and multiplier effect generated. That way also, stimulation of the aggregate expenditure can be caused from the change of government expenditure, which has furthermore consequence to economic growth. So that reachable balance the situation of macroeconomic of involuntary unemployment.

The paradigm of aggregate demand and aggregate supply management often is debatable. Keynes's and Monetarist paradigm is more interested to the demand aspect, with the different policy implication. Besides it's, the concept of Keynes-Monetarist paradigm about inflation and unemployment, where is the evaluation of monetarist about inflation in which is considered to the monetary phenomenon. The principle of money market balance, so that inflation fluctuation happened by because money market imbalance, whereas Keynes exposed that inflation and unemployment as the reflection of the aggregate demand gap. The aggregate demand gap is the difference between the aggregate demands with the potential output. Meanwhile, the RBC Model is more emphasizing at of side of the aggregate supply. as source of convulsion of the Indonesian economy shock.

The principle of monetarism theory base on the quantity theory of money, developed to become concept of monetary expectation augmented Phillips Curve approach and to the Monetary Approach to balance of payments theory and also exchange rate determination. Conception Monetarism in determination of economic growth or national income and employment and price, all the monetarist principle considered to be by a monetary phenomenon is which have estuary to from money market imbalance. The monetary phenomena aggregate as source of convulsion the economy.

Real Business Cycle model in approach macroeconomic lay open the important three things that is the rational expectation hypothesis, the assumption of continues market clearing and the aggregate supply hypothesis. (Brian Snowdon,Dkk, 1995) Muth in Brian Snowdon lay open that rational expectation formed by when prediction to an occurence come the same essensinya as prediksi based by to the relevant economics theory.

The Lucas's of the business cycle theory or the Real Business Cycle Model is emphasizing, that the source of shock of the economy is early from the real sector shock (the supply shock) compared from at monetary shock (the demand shock). That way also by the source of the aggregate supply shock and unemployment lay in by aspect of the aggregate supply (supply shock).

Model the RBC of opinion that balance have continuation to market of goods and labor market, balance have a meaning of that each worker or company activity at level of wanted wages and price. Meanwhile, Model the Friedman lay open that company and worker have never wanted to work the labor supply and the demand of labor and business cycle can be happened by if worker do not accept the specified price level (the fooling model).

Research macroeconomic which focus to relevant trade off faced by the monetary power between inflation and stabilization output of when internal economics face to shock (in the form of supply shock, and demand shock). At balance budget concern well-balanced budget situation, stabilization automatics which is woke up from Lease distortion becoming

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Pursuant to the description above, hence this research is designed to answer the problem of research relate to how model of construction macroeconomic deflect the inflation and unemployment in Indonesia. Construction model the Keynes-Monetarist and Real Business Cycle model to inflation and unemployment conducted by conducting integration and synthesis of among approach Keynes, Monetarist and Real Business Cycle model or equally phenomenon of inflation and unemployment of[is no other represents the aspect of integrative supply and demand.

Literature Review

The conception of Lucas imperfect information theory of the business cycle or model the RBC (Real Business Cycle Model) emphasizing that source of convulsion of an economics of early from real sector (supply shock) from at monetary convulsion (demand shock), source of convulsion output and including employment lay in by aspect of offer aggregate. Convulsion of at labor market in model RBC happened one of them because offer convulsion or produce the (supply shock) consequence to pressure downwards function produce so that affect at degradation of labor request and created by a unemployment. Inclination of Positive curve of labor offer in model RBC meant by as worker desire to work more amount of when wage rate excelsior.

Two condition owning trade off to the real wage increase, where real wage increase will improve or push the reward / result which more and more high, compared to by demand of leisure increase (the substitution effect). But higher wage (real income increase) will push the make-up of goods consumption, including also consume the leisure (spare time), meaning to lessen the in working (the income effect), assumed by that compared to by bigger substitution effect then income effect, so that form the it's the supply of labor curve is positive. When vertical the supply of labor curve (vertical), hence model of only can explain the business cycle of price movement, but cannot explain the fluctuation employment to cycle business.

Conception model the RBC of where change of aggregate supply which progressively mount the consequence of at improvement output (unemployment degradation) and degradation mount the rate of interest. But, in comparison with model the supply and demand of aggregate Keynes of hence there are an different perspective, where in Keynes model, variable mount the price act as the vertical tinder so that change of supply and demand will have an effect on to change output, employment and price.

The change of the aggregate supply is be caused by improvement output, accompanied with the degradation of price commodity (deflation). but if the change of output resulted from The increase of aggregate demand, hence only improvement output will be followed with the increase of price (Inflation), this means the improvement of output is having a meaning of with the unemployment reduction (unemployment) followed with the increase of price (inflation).

The aggregate supply curve in model RBC have the inclination positive, when vertical the lob our curve, hence model can explain the business cycle output, but will not can explain the fluctuation employment to cycle business. There are two condition of influence, which interfere in the real wage changes. The real wage rate degradation will degrade the production compared to by leisure (the substitution effect). However, the lower wage means to degrade the real income and will push the degradation consume the goods, including leisure, meaning to improves of the working (the income effect). more to answer the demand of the pattern of consumption, and mean the compared to by smaller substitution effect of income effect, so that form the its curve labor supply is positive. When curve of labor offer become vertical, it is meaning [is] model will not can explain the fluctuation employment to cycle business. The implication of the Positive labor supply curve becomes the necessary for clarification of business cycle to unemployment.

Other side, view of Post Keynes to labor market looking into that the market in fact there no. Eichner (1986) exposed that the post Keynes approach as anthropogenic approach to labor. The essential differences between labors with goods (commodity) are at forming aspect it. If labor is not used in an period process production, conception the cyclical unemployment, hence there are loss of a number of labor, even will affect at decreasing it ability / worker membership, membership and labor productivity which unemployment labor will be downhill / decreases of because is not used. However, on the contrary, membership progressively mounts when exploited or powerful, such condition very differing from of object of physical or commodity. Furthermore, differing from view Neo-Classic of where itself activity need not bring the disutility, and work also yield the fasting and earn production.

Conception the Neo-Classics lay open the demand for labor represents the marginal of revenue product of the labor factor, while labor supply that is result from choice of between exploiting of spare time (leisure) and consume the other goods. In concept Neo-Classics, curve of labor supply is downward sloping, where macroeconomic neo-classic generally of opinion labor supply is well-behaved, with the inclination positive, influence substitution (substitution effect) closing over earnings influence (income effect), leisure treated do not be overweening so as goods inferior. Balance mechanism can be hindered by assorted of imperfectly institute, like join an association imperfect information and job activity. A number of empirical study shows that change of income effect in real wage is more significant from at substitution effect, in a number of case found by a wage elasticity to number of hours work is negativity (Pancake, 1986) At the (time) of real wage go down, hence office hours mount.

Emphasis of New Keynesian at a number of aspect relate to the aspect and cause of imbalance of market and influence macroeconomic . Leislie (1993) exposed that the New Keynesian sues the concept rigidities into paradigm Neo-Classics. Conception the real and nominal rigidities, where nominal rigidities happened by when there are effort prevent the nominal price level to conduct the adjustment to nominal demand convulsion. While real inertia happened by when a number of factor prevent the real wage from adjustment or happened by the rigidities wage relative to other. The Conception of the Orthodox and New Keynesian related with price accommodates slowly to trouble, and with the ascription that worker and company is rational and wants the maximum advantage.

View Keynesian model where price level prevented from a degradation to return on course balance through the monetary wage failure (as cost) to accommodate. While in model of New Classical is developed by Lucas, Sargent, Wallace And Barro of during year 1970an laying open that monetary trouble is which be anticipated will caused the jumping movement nominal monetary wage and price go to the value of balance of new output and employment

Model the imperfect Lucas information (The Lucas Imperfect Information Model the), Especial Idea model the Lucas-Phelps that is at the (time) of producer response to price change product, where price change of relative will affect at optimal amount of] product yielded, while price change of aggregate do not influence the optimal production situation. Price changes of Relative push the improvement output, which have implication to at curve offer with the inclination positive. Especial idea model the Lucas-Phelp that is that when a producer perceive the price change its product, the producer not yet known whether that change express the price change relative goods or price change aggregate. Price change relative optimal amount fox produced. While, the aggregate prices changes do not influence to the optimal production change.

The controversy of relation inflation and unemployment laid open by AW Phillips (1958) into an relation between unemployment and rate of change of monetary wage in English of during range of time 1861-1957. Unemployment level as proxy to mount the real activity as a whole is equal to level of unemployment natural added with an value depended by negativity of inflation which is not expected , link formula between inflation with unemployment can be formulated as follows; slope curve Phillips. Theory Curve Phillips lay open the existence of an empirical link between percentage of change of monetary wage and mount the unemployment , the reverse relation have been checked with an formula of where W is wage rate money, w is percentage of rate of change of monetary wage and U [is] unemployment level. The Hyperbola link re-formulated become an [link of trade off between inflation of monetary wage and mount the unemployment; with and the relation often is also used to depict the relation of rate of change of price and unemployment.

A several study about economic model from at various viewpoint or approach; Deveali M.L (1984) in Gotz Uebe (1995) by using Keynesian approach to political economy growth of Argentina 1970-1980; Niazi MK (1984) checking for the economy of Bangladesh by using the New-Classical Macroeconomic approach of where GDP is determined by level of the amount of population and ratio GNP to amount of population and also five dummy variable. This model is a few differing from model Keynesian, because its pressure at produce side or supply side.

Here in after Kim Joo Hoon (1987) in Gotz Uebe (1995) using approaches Keynesian to model the macro economy in South Korea. Matulka, Neck (1989) in Gotz Uebe (1995) use of framework of idea Keynesian for the economics of Austrian through the model of optimal macro econometric stochastic non-linear of control with the variable exogenous used by that is expenditure autonomous, real governmental consumption, stock money, the price import index, index GDP to the market price, mount the real Ease. Model the Austrian is also studied by F.Schneider,Mf Hofreither, R.Neck (1989) in Gotz Uebe (1995) by 11 is structural equation by developing model IS-LM as reflection of balance of market of goods and money market, where money market last is shown of structural equation mount the rate of interest of marketable securities and money demand.

Other research that used monetarist approach, for example; Soedradjat Djiwandono (1980) by using monetary approach to analyze Balance of Payment in Indonesia , where NPI as monetary phenomena as reflection imbalance money market. The imbalance of balance of payment represents the result from money market imbalance.

However, the weakness of model lay in the determination output that emphasizing at money market side and not yet correlated with the real aspect (goods market). The conducted research is done by D.Racette (1982) in Gotz Uebe (1995). Its model based on the monetarist approach to economic growth in Canada, its model using real GDP equation, price equation, equation of money supply, equation of base money, and also equation of ratio deposit to stock of money, ratio deposit to banking reserve, function react the discount and Balance of Payment.,

The Canada Model is been studied by FC.MILLER (1980) by using Keynes approach to economic growth in Canada. T.Eu Chye, M Semudram (1988) using monetary model for the economics of Malasyia, in where GDP represent the quantifying to the consumption, investment, governmental expenditure, export and import. The Monetary sector lay open with the detail of component of money supply that is equation of net foreign asset, monetary base, liquidities of private sector and money multiplier.

M.S Khan (1977) in model of determination of Earnings and Payment Balance in Developing for the approach of monetary to payment balance, laying open that level of growth of request aggregate influenced by money offer, output and expenditure of aggregate and expenditure of aggregate influence of change of money supply together with variable of net foreign asset (NFA) and assess the import. Meanwhile, level of Output determined by level of aggregate expenditure added by net export, and level of nominal money supply represent the quantifying from Net Foreign Asset by Credit is domestic of system of consolidation banking

Bijan Aghvli developed the monetary model for the Indonesia economics, based on quarterly data. Model consisted of by four part; the demand for real balances, nominal money supply, governmental budget and balance of payment. Demand for Real balances is assumed as function from real income and the expected of inflation. The Supply of Money is interpreted by as multiplication of money multiplier with reserve, the changed of reserve is influenced by governmental budget deficit, balance of payment and change of credit of central bank to sector non-government For the case of Indonesia State, hence Nopirin (1983) studied the synthesis of Keynesian and Monetarist to the International Balance of Payment.

The effectively of fiscal and monetary policy to the national Income and the international balance of payment is determined by the structure of exchange rate. Its model structure is consisted of some equations. The function of national income as identity equation (principal of Keynesian) and the national income as function of price (principal of monetarist). On the other hand, the balance of payment equation as reflection to the well-balanced imbalances of money market (the monetarist conception about balance of payment) and as totality of balance of trade and capital balance (the Keynesian conception). Its Keynes Model is more emphasizing at of demand aspect, less so pay attention the real supply aspect, so that the changes of fiscal-monster policy have influence to the change of output and price.

Aris (2003) strengthening to return with modifying model Keynesian by developing model IS-LM developed and furthermore elaborated with the input of equation of capital stream (capital flow) and equation NFA (Net Foreign Asset) at flexible exchange rate system and capital mobility. At situation of fixed exchange rate system and perfect capital mobility, so NFA and capital flows that as variable endogen, and changes to become the exogenous variable when the system exchange rate is the floating exchange rate system and imperfect capital mobility. Conversely, variable of foreign exchange is turn to become endogenous variable when the system of foreign exchange market is the floating exchange rate system, in which previously as exogenous variable at the fixed exchange rate system.

J.Bradley, K.Whelan, J.Wright (1993) by using the synthesis between Keynesian and New-Classical Macroeconomics model for the Irlandia economy as for stabilization and growth, where output is represent the function of the world output and competitiveness, the element of demographic and labor market and also side absorption. Perspective Keynesian seen from equation absorbs which expose that final demand has determined by consumption, public consumption, investment and export minus Import represents the difference between final demands with output. Employment and investment represent the independent variable from function of output and price relative factor.

Source: xxxxxxx

Methodology

Research use the quartile data 2000.1 - 2014.4, usage of data of time series of hence wanting a number of matter relate to the examination of seasonality data conducted with the test of unit roots namely test the DF (Dicky Fuller) test and ADF (Augmented Dicky Fuller Test) to see the Seasonality data. As for capital structure used in construction of Keynes Monetarist and Real Business Cycle model as for economic model deflect the inflation and unemployment.

$$p_t = e_t + p_t^* \text{ And } \pi(t) = \frac{d \ln W(t)}{dt} / A(t) + \gamma J(t).$$

$$Y = Z(Y^D, r - \pi, Qe / P_1, V) + X(Qe / P_1) - M(Y, Qe / P) + G_D$$

$$P_1 = a_0 + a_1(\mu) + a_2\,\pi + a_3(q+e)$$

$(m-p)_t = y_t - \beta.i_t + k_t$ dan $i_t = i_t^* + E_t e_{t+1} - e_t$

$$u_t = \bar{u} + \frac{1}{1-\beta}(\Delta\rho_t - E_{t-1}\Delta p_t + v_t^v)$$

Y= F (M,P)
M=f (P,Y)

$$U_t = U_t^n - \alpha(\pi_t - \pi_t^e)$$

$$\pi(t) = \pi^*(t) + P_1 u(t) + P_2 \ln m(t) + P_3 \pi^*(t) + P_4 g(t) + P_5 \theta_t$$

$$\ln y(t) - \ln y(t-1) = -a(U(t) - U(t-1))$$

$$U(t) - Uc = \beta \ln w(t)$$

$$\ln w(t) - \ln w(t-1) = -h(U(t-1) - Uc) + \ln p_{t-1}^*(t) - \ln p(t)$$

$$\ln p(t) = -h(U(t-1) - Uc)$$

Result and Discussion

Perspective Keynesian lay open that request aggregate as source of convulsion (shock) of where inflation and unemployment happened by caused by Keynesian excess demand gap (a part of the vertical curve from Oakum gap). But result of estimation for the economics Indonesia 2000.1-2014.4 is show that aggregate demand gap that is difference between output with aggregate demand, the result have no significantly effect to inflation rate (- 0.174544) and no significantly effect to the unemployment. (-0.059137), the negative sign means that if the aggregate demand is above output of equal to one percent so, the inflation will go up equal to 0,1745 percent, on the contrary unemployment mount 0.059 percent. but if variable which input in model are the unemployment (logunemployrate), the exchange rate (LOGER), wages and aggregate demand gap, so the elasticity of inflation to the unemployment is significant positive as to 2,48, its means that the increase of unemployment as one percent will push the increased of inflation as 2,48 percent. The influence of foreign exchange to inflation is inelastic positive significant equal to 0,88 (its means if the depreciation of rupiah to dollar of equal to one percent will push the increase of inflation rate equal to 0.87 percent.). As for wages influence to inflation is negative elastic of significance of equal to - its 1,89 meaning if wages mount one percent of hence inflation will go down equal to 1,89 percent. This matter have a meaning of that wages increase have been able to push the make-up of furthermore work productivity push the improvement of output or friction of side of aggregate supply so that affect at degradation mount the balance price. Besides, in model is also been shown by condition of significant of influence of variable of aggregate demand gap to inflation of equal to 0.31.

Phenomenon of Okun Gap namely negative relation phenomenon [between output with the unemployment level of proven by yielded by a elasticity value between GDP to unemployment level of equal to negativity 0,2187 (significance at 10 percent) or often is also referred as by Keynesian excess demand gap. Based on approach model (dynamic and static) influence relation of between employment to output (GDP), in static perspective model of show of is level of influence employment to GDP is elastic of positive [of equal to 4.300693. While in dynamic perspective model (entry of variable GDP one previous quartaly into model) owning elasticity which inelastic positive of equal to 0.386507. Meanwhile, elasticity employment to change of wage rate is positive of equal to 0.115330, this means fee increase ten percent will push the increase of level employment / labor absorption of equal to 1,15 percent.

Based on The Expectations augmented Phillips Curve is been formulated as trade off inflation and unemployment. Inflation is negative significance 0.115940 had significant statistical at 5 percent although from side of accuracy measurement model the (goodness of fit) what is seen from the coefficient determination is relative small relative about 9,3 % (but have significantly statistic with F test), if the inflation increase 10 % will push the decrease unemployment as 1,15940 percent . Meanwhile, based on the Keynesian demand for money, the elasticity of demand for money is elastic positive significance to national income as 1.4355, its means that if the increase national income as ten percent will push the increase demand for money as 14.355 percent. Meanwhile, the interest rate and the aggregate demand shock are not significantly influence to the demand for money.

Inflation in the monetarist perspective as an monetary phenomena, so it will be influenced by supply of money in wide of meaning (logM2), result of empiric lay open that money supply have an positive effect equal to 1.858, its means that if money supply increase one percent will push the increase of inflation equal to 1.858 percent. The increase of the supply of money will affect at friction of LM curve (liquidity preference of money curve) shift to right and will decrease the rate of interest, next process and through rate of interest; parity (interest parity condition) will have decrease inflation. . This means change influence of is amount of money supply at previous quarterly will affect to decrease inflation rate and the result of empirically model has negative elasticity coefficient (- 1,639). However, differ in comparison with inflation influence one previous quarterly (partial adjustment concept) has an influence posited, where value of inflation elasticity one previous quarterly to inflation equal to 0.87.

The inflation model in perspective monetarist which the government expenditure, unemployment and money stock, lag variable of inflation and money stock, there are as variable into model, Based on the result that the unemployment variable have positive effect on the inflation rate as equal to 0.51 (although do not significance at 5 %). While fiscal component of governmental expenditure (logGr) have an negative effect to inflation as (- 0.6864), its means that the increased of government expenditure as 10 % will decrease the inflation as 6,8 % . However, money stock (LogM2) has positive significant equal to 1.858 to inflation, that way also with the inflation previously have significance effect to inflation rate. While, the unemployment rate have no significantly influence to inflation.

The emphasized of a monetarist model is link of output with the stock of money supply and the price level. The increase of stock of money supply will push the improvement output in the monetarist concept .The empirical result for the Indonesia economy expose that the output elasticity to stock of money supply is significant inelastic positive equal to 0.1247, its means that the increase of stock of money supply 10 % will push the improvement GDP equal to 1.247 %. . Existence of this result has strengthened monetary policy to push the economic growth. But the increase of the stock of money supply also affect the increase in general price , as laid open at inflation equation owning elasticity positive to amount of money supply of equal to 1.858. Perception Monetarist becomes strategic to push the economic growth as effort to degrade the unemployment level.

The assumption of RBC model is that the original of business cycle located in real sector (supply shock) if compared with monetary sector (demand shock) or equally especial source from economics convulsion lay in by dynamics of aggregate supply (aggregate supply) compared to aggregate demand. Based on the empirics result of the empirical estimation output base on the RBC model lay open that investment influence to output is inelastic positive significant of equal to 0.405467, its meaning if (there are) any increase of investment of equal to 10 % will improve the output equal to 4 %. This positive influence also happened in previous output variable. Its meaning that level of output moment is been nowadays influenced by level of output at one previous quarterly equal to 0.7181.

The other significance result is that the influence of increase population to the level of output (GDP). The influenced of population to GDP is significant negative as 1.259925. this have a meaning of that the increased of population as one % will decrease output (GDP) equal to 1,239925 %, A creation of contribution population can increase of the supply of labor in one side as well as can have an in with the total of unemployment in other side, so unemployment that also affect to economic growth.

Perspective the RBC model without there is money role or the price aggregate level, so the price of balance of aggregate supply and aggregate demand that is interest rate level. The aggregate supply curve has the positive sloping to the interest rate level. the supply of labor (where in the RBC model have no difference between long-range and short-range), while the negative of the aggregate demand curve to the interest rate have a meaning of that progressively lower the rate of interest will increase the investment of which is on its innings will improve the output.

Friction of the aggregate supply shift to left at situation of aggregate demand remain to is cause of the happening of business cycle, so the price will be increase and the create an recession situation and the price will go down in the boom situation, This condition meaning when the decrease of output will shows tendency at the price will go up and output shows improvement of when price go down (or correlate the negativity). The elasticity Unemployment to wage rate is positive as 0.413 and significant of level 5 percent. its meaning if/when happened by the promotion of ranking of wage of equal to ten percent will cause at promotion of ranking of unemployment of equal to 4,13 percent. From empirical estimation result [of] function output (LOGYP) in perspective synthesis Keynes-Monetarist and RBC model influenced by positive and significant of at by variable of expansion fiscal through the increase of governmental expenditure (LOGGR) with the elasticity value of equal to 0.206026, its meaning if improved by governmental expenditure ten percent hence output (GDP) will increase equal to 2,06 %. The other side, the influence of the monetary factor from the change of money supply (LOGM2) is significantly positive to GDP as 0.3543, the policy maker matter to view monetarist which change output will be carried out through the change of stock of money supply,

The influence of wages to output (GDP) in model synthesis strengthen the concept to the influence of offer convulsion (Supply Shock) to domestic output or conception RBC become valid as explains to the variability output that happened effect of offer convulsion. Wage elasticity to output (GDP) [of] equal to 0.148668, its meaning if wage mount ten % of hence output (GDP) will mount equal to 1,48668 % , its meaning is make-up of wage implicit have a meaning of the increase of prosperity (welfare) worker pushing the increasing of next process and productivity will push the improvement output. Meanwhile influence of rate of interest to output is significant positive of equal to 0.0597.

Based on the finding, expressed that governmental expenditure as an appliance governmental fiscal shows the significant influence to unemployment equal to 0.149, these meaning if the government improve the governmental expenditure equal to 1%, it will be improved the unemployment number equal to 0.149 percent, its meaning [is fiscal policy in position of like this will deflect to unemployment. While component of puritan aggregate triggered from monetary component through the change of is amount of money supply (LOGM2) affect the negativity significant to unemployment of equal to its 0.55887 meaning if amount of money supply of dynamical ten % will affect at unemployment degradation of equal to 5,5887% .

In the synthesis model, the influence of interest rate to unemployment level in RBC model is previously laid open by that variable guarantying balance of the aggregate supply and aggregate demand is the rate of interest. In the synthesis model, the influence of interest rate to unemployment is significant positive as 0.08014, its means that if the increase of the rate of interest as 10 percent will increase unemployment as 0.8014 percent. the other side, that is influence of wages change to unemployment level is inelastic positive significant of equal to 0.8056, having a meaning of if wage rate of increase one percent will affect at increase of unemployment of equal to 0.8056 percent.

As for model of determination output in prospective synthesis influenced by variable money, variable of foreign exchange and previous value GDP. The influence of money Stock (LOGM2) to output is equal to 0.167927, its meaning if the amount of money supply increase ten percent will result the increase GDP equal to 1, 67 percent. That way also with the influence of foreign exchange variable (LOGER) to GDP is equal to 0.093751, its meaning if rupiah currency experience of the depreciation to dollar as 10% of caused of improvement GDP equal to 0.9371 percent

The component fiscal change (government expenditure) and monetary change (stock of money supply) to inflation exposed assess the elasticity positive, where governmental expenditure influence to inflation of equal to 0,1291 and influence of component of money supply to inflation of equal to 0.2746. Both the elasticity value does not significant influence to inflation. Same thing of also happened in the wage influence to inflation rate. As for component of the rate of interest have an effect on to inflation rate, with the influence elasticity of equal to 1.0646, its meaning if level of rate of interest boosted up by equal to ten % of hence inflation will mount equal to 10,646%.

Conclusions, suggestions and limitations

The phenomena of the Keynesian and Monetarist happened by as problem of convulsion that happened from side of convulsion of aggregate demand, well-balanced between the aggregate demand with the aggregate supply can affect at inflation and unemployment and also change output, when the aggregate demand is quicker hence will affect at improvement output accompanied with the increase of price . As distinct from perspective Real Business Cycle look into that, convulsion phenomena happened from side of convulsion of aggregate supply. In a synthesis model between Keynesia, Moneterist and Real Busines Cicle expoused the inflation is influenced by variable money, variable of foreign exchange and previous value GDP. The influence of money Stock and foreign excange are significant positive to GDP . so if rupiah currency experience of the depreciation to dollar as 10 percent of caused of improvement GDP equal to 0.9371%.

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