

Short-Long Term between Gross Domestic Product and Consumption in Indonesia

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Abstract : Recently, the significant fluctuations associated with Indonesian economy justifies the need for paying more attention to this issue. In this regard, the main objective of this study is to investigate the relationship between two issues related to the macro Indonesia economy called consumption and GDP during the period of 1967 to 2014. This research method exploits short term and long term relationships using Granger and subsequently, models them by the causality method. However, using analysis of Granger with Johansen shows that there is not only a long term, but also a short-long relationship between GDP and consumption using lags the interval 5.

Keywords : cointegration, Granger causality, GDP, consumption

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