ABSTRACT

The phenomenon in this study is that the economic growth in Indonesia in the period 2000-2015 experienced uncertainty, where there was an increase and decrease in the economic growth. it is necessary to describe it in economic variables which include job creation, GDP growth and reducing the inflation rate, as well as its relationship with interest rates. The purpose of this study was to analyze the effect of the money supply on inflation, interest rates and inflation on investment and inflation and investment on economic growth.

This study uses secondary data with a data collection model, namely documentation. The data analysis method used is tiered regression analysis, simple regression models, detection of deviations in classical assumptions and hypothesis testing.

Based on the research, the money supply has a positive effect on inflation, interest rates have a negative effect on investment, inflation has no effect on investment, while inflation has a negative effect on economic growth and investment has a positive effect on economic growth. From the Sobel test calculation, inflation mediates the effect of the money supply on investment and the effect of the money supply on economic growth while investment mediates the effect of interest rates and inflation on economic growth..

Keywords: money supply, inflation, interest rates, investment, economic growth.