

Акча Массасынын Эндогендүүлүгү Гипотезасы: Кыргызстан Мисалы

The Endogenous Money Hypothesis: Kyrgyzstan Case

Asst. Prof. Dr. Junus Ganiev (Kyrgyz-Turkish Manas University, Kyrgyzstan)

Asst. Prof. Dr. Damira Baigonushova (Kyrgyz-Turkish Manas University, Kyrgyzstan)

Abstract

The endogeneity of the money supply is one of the most discussed topics in the literature. Especially important discussions have been made between monetarists and post-Keynesians on this subject and many empirical studies have been published. Traditional theory assumes that the money supply is determined by the central bank. Because the money multiplier is fixed, monetarists believed that the central bank determines the money supply exogenously. On the other hand, the endogeneity hypothesis of the money supply argues that the money supply is determined endogenously within the economy. During the independence period, the banking system in Kyrgyzstan also develops with many problems. The Central Bank carries out the necessary policies to stabilize the money market. However, there are opinions that the policy opportunity of the central bank will be very limited in an open economy when the money supply is determined endogenously. Therefore, this study aims to test the hypothesis in Kyrgyzstan. Causality relationships between variables were examined using quarterly data from 2000-2020. As a result of the analysis, it was revealed that the endogeneity hypothesis is not valid in Kyrgyzstan. It has also been found that the monetary base and money supply affect the credit volume.