

ABSTRACT

Inflation often becomes a cause of economic instability in various countries, prompting the need for an in-depth study on its impact on economic growth. High inflation can reduce purchasing power, increase production costs, and decrease investment, thereby potentially hindering economic growth. This study aims to analyze the effect of inflation on economic growth in 21 APEC (Asia-Pacific Economic Cooperation) member countries during the period from 2019 to 2023. A quantitative approach was employed using secondary data obtained from reliable sources such as Trading Economics and the World Bank. The analysis was conducted using panel data regression methods, including the Common Effect, Fixed Effect, and Random Effect models, to identify the relationship between inflation and economic growth. The results indicate that inflation does not have a significant effect on economic growth, while the ratios of gross fixed capital formation, government expenditure, and trade openness show a significant positive effect on economic growth. On the other hand, the ratio of money supply to GDP has a significant negative effect.

Keywords: Inflation, Economic Growth, APEC