



**THE IMPACT OF INFLATION TOWARDS ECONOMIC GROWTH:
INTERNATIONAL EVIDENCE**

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DECLARATION OF ORIGINAL WORK



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ABSTRACT

Increasing trend of economic growth is essential to a country as it will enable the country to become a well-developed country. However, there are many external factors that can affect the economic growth and one of it is inflation. Inflation is the uncontrolled continuous increase in general price level in a long period of time. In this paper, researcher is trying to investigate the impact of inflation towards economic growth. To further the understanding, researcher also tries to identify the relationship between inflation and economic growth and determine whether there are significant differences between the impact of inflation towards the economic growth in developing and developed countries. To do so, researcher use panel data model with 50 observations with 10 years period. From the results, researcher found that inflation has mild impact towards the economic growth in developing country, which is only 2%. However, the impact of inflation towards the economic growth in developed country is higher than in developing country, which is at 11%. Researcher also found that there is significant difference between the impact of inflation towards the economic growth in developing and developed country. By referring to the main objective, researcher found that the difference is significantly noticeable. The difference of impact between developing and developed country is almost 9%. The percentage obviously show that the impact of inflation very different between both development level.