

ABSTRACT

This study examines the determinants of inflation in 20 member economies of the Asia-Pacific Economic Cooperation (APEC) from 1997 to 2025. The independent variables are corruption measured by the Corruption Perceptions Index (CPI), trade openness, broad money growth, world oil prices, and the unemployment rate. Data come from the World Development Indicators, Transparency International, and the International Monetary Fund. The study applies a panel Fixed Effect model with Driscoll-Kraay standard errors and estimates developed and developing economies separately. The results show that a higher CPI score, which indicates lower corruption, is negatively associated with inflation in both groups, and the association is stronger in developing economies. Trade openness is positively associated with inflation in both groups, which contradicts Romer's discipline hypothesis. Broad money growth has no significant effect in developing economies and a weak positive effect in developed economies, and oil prices show the same pattern. The unemployment rate is negatively associated with inflation in developed economies, consistent with the Phillips curve, but has no significant effect in developing economies. These findings suggest that the determinants of inflation in APEC are heterogeneous across development levels and that institutional quality is associated with price stability.

Keywords: corruption, inflation, APEC, panel data, Fixed Effect