ABSTRACT

Inflation is one of the important variables that affect economic growth. This inflation phenomenon has been widely discussed by previous scientists, one of which is Al-Maqrizi, in his book Ighatsah Al-Ummah bin Kasyfi Al-Ghummah explains that inflation occurs due to human error and natural factors. Natural factors in this study are represented by the Natural Disaster variable, while human error factors are represented by the corruption and tax variables. The IDI, PDRB and UMP variables are supporting variables for economic stability in this study. This study aims to prove whether the theory of the causes of inflation put forward by Al-Maqrizi is still relevant to the phenomenon of inflation in Indonesia..

This study uses a panel data analysis method with a fixed effect model approach. The panel funds used in this study cover 34 provinces in Indonesia for the period 2018-2023. Normality, multicollinearity, and heteroscedasticity tests were conducted to evaluate the validity of the model, by conducting a classical assumption test to ensure the regression model meets the requirements of the Best Linear Unbiased Estimator (BLUE).

The results of this study indicate that the inflation theory proposed by Al-Maqrizi is still relevant to the inflation phenomenon in Indonesia. This is evidenced by 5 significant variables and 1 variable that is not significant to inflation in this study. Corruption, the Indonesian Democracy Index, and Gross Regional Domestic Product have a significant and positive effect on inflation in Indonesia, while natural disasters and Provincial Minimum Wages have a significant and negative impact on inflation in Indonesia. The tax variable does not significantly affect inflation.

keywords: *Inflation, Al-Maqrizi, Corruption, Gross Regional Domestic Product, Indonesian Democracy Index, Natural Disasters, Provincial Minimum Wages, Taxation, Panel Data Analysis.*