

**The Short And Long Term Effect Of Economic Growth, Foreign Direct
Investment And Interest Rate On Inflation In Indonesia**

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ABSTRACT

The aim of this research is for analyzing the effect of economic growth, foreign direct investment and interest rate on inflation in Indonesia during 2000-2014. This research using the secondary data and Error Correction Model (ECM) method. From the results of the research show that economic growth has no significant influence on inflation in Indonesia, but foreign direct investment and interest rate has a significant effect on inflation in Indonesia. Foreign direct investment has negative effect on inflation in Indonesia in long term and interest rate has negative effect on inflation in Indonesia in long term.

**Keywords: Inflation, Economic Growth, Foreign Direct Investment, Interest
Rate and ECM**