

Table 8 a. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	7.59* (7.44)	7.41* (7.93)	7.43* (7.21)	1.45 (1.36)	6.94* (7.73)	1.66 (1.64)
Transparency Index	-1.23* (-5.79)	-1.27* (-5.54)	-1.00* (-4.69)	-0.30 (-1.66)	-1.04* (-4.67)	-0.49* (-2.69)
Openness		0.01* (1.51)			0.01* (2.24)	0.00 (0.21)
Financial Depth			-0.01 (-2.60)		-0.02* (-3.18)	0.01* (2.12)
Past Inflation				29.36* (6.17)		29.67* (6.18)
Number of observations	579	546	562	578	524	531
Sum of Sq. Res.	19561	19452	19452	8216	19242	8131

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant and rule of law.

Table 8 b. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	6.34* (8.60)	6.16* (8.25)	6.11* (8.23)	1.14 (1.18)	5.84* (7.82)	1.19 (1.23)
Transparency Index	-0.90* (-6.05)	-0.97* (-5.63)	-0.54* (-2.85)	-0.24 (-1.44)	-0.70* (-3.66)	-0.36* (-2.32)
Openness		0.01 (1.69)			0.02* (2.85)	0.00 (0.74)
Financial Depth			-0.02 (-3.74)		-0.03* (-3.97)	0.00 (0.75)
Past Inflation				29.75* (6.54)		29.96* (6.39)
Number of observations	572	538	554	570	524	523
Sum of Sq. Res.	20356	20251	19924	8241	19639	8190

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant and political stability.

Table 8 c. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	4.61* (7.51)	4.59* (8.33)	5.44* (7.72)	0.81 (1.30)	4.89* (8.54)	0.66 (0.89)
Transparency Index	-0.00* (-4.62)	-0.00* (-4.21)	-0.00* (-3.39)	-0.00 (-1.78)	-0.00* (-3.48)	-0.00* (-2.08)
Openness		0.00 (0.46)			0.01* (2.34)	0.00 (0.32)
Financial Depth			-0.03 (-5.02)		-0.03* (-4.63)	0.00 (0.58)
Past Inflation				29.68* (6.56)		29.89* (6.36)
Number of observations	579	546	562	578	532	531
Sum of Sq. Res.	20359	20254	19811	8239	19573	8204

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant and accountability.

Table 8 d. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	8.18* (6.27)	8.01* (6.62)	8.20* (6.08)	1.41 (1.47)	7.83* (6.36)	1.60 (1.76)
Transparency Index	-1.31* (-5.28)	-1.43* (-4.96)	-1.27* (-4.52)	-0.28 (-1.88)	-1.33* (-4.52)	-0.46* (-3.31)
Openness		0.01 (1.73)			0.01* (2.14)	0.00 (0.13)
Financial Depth			-0.00 (-1.24)		-0.01* (-2.67)	0.01 (2.18)
Past Inflation				29.14* (6.07)		29.31* (6.10)
Number of observations	576	543	559	575	529	528
Sum of Sq. Res.	18837	18666	18804	8208	18573	8118

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant and government effectiveness.

Table 8 e. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	5.55* (7.26)	5.47* (7.96)	6.04* (7.39)	1.07 (1.39)	5.53* (8.01)	0.96 (1.15)
Transparency Index	-0.71* (-5.05)	-0.73* (-4.58)	-0.53* (-3.68)	-0.21 (-1.80)	-0.58* (-3.75)	-0.27* (-2.23)
Openness		0.00 (0.71)			0.01* (2.36)	0.00 (0.34)
Financial Depth			-0.02 (-4.68)		-0.03* (-4.46)	0.00 (0.78)
Past Inflation				29.60* (6.47)		29.84* (6.31)
Number of observations	579	546	562	578	532	531
Sum of Sq. Res.	20180	20080	19735	8229	19495	8187

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant, rule of law and accountability.

Table 8 f. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	5.50* (6.94)	5.49* (7.69)	6.06* (7.11)	1.07 (1.41)	5.56* (7.75)	0.96 (1.15)
Transparency Index	-0.69* (-4.77)	-0.71* (-4.38)	-0.52* (-3.56)	-0.21 (-1.82)	-0.56* (-3.61)	-0.26* (-2.20)
Openness		0.00 (0.51)			0.01* (2.30)	0.00 (0.30)
Financial Depth			-0.02 (-4.86)		-0.03* (-4.53)	0.00 (0.74)
Past Inflation				29.63* (6.50)		29.86* (6.33)
Number of observations	571	538	554	570	524	523
Sum of Sq. Res.	20191	20085	19719	8210	19484	8170

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months. Transparency is the fitted value of transparency from the first stage regression on constant, rule of law, political stability and accountability.

Table 8 g. Effect of Transparency on Inflation Variability (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	6.22* (6.36)	6.21* (6.96)	6.70* (6.45)	1.08 (1.50)	6.22* (6.99)	0.98 (1.23)
Transparency Index	-0.84* (-4.99)	-0.88* (-4.73)	-0.71* (-4.41)	-0.21* (-2.01)	-0.75* (-4.42)	-0.26* (-2.55)
Openness		0.00 (0.71)			0.01* (2.26)	0.00 (0.24)
Financial Depth			-0.02* (-5.65)		-0.03* (-4.78)	0.00 (0.82)
Past Inflation				29.43* (6.42)		29.64* (6.28)
Number of observations	571	538	554	570	524	523
Sum of Sq. Res.	19645	19521	19316	8205	19069	8163

* denotes significance at 5%

Note: Inflation variability is the standard deviation of the inflation rate for 12 months.

Transparency is the fitted value of transparency from the first stage regression on constant, rule of law, political stability, government effectiveness and accountability.

Table 9 a. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.79* (18.90)	0.82* (18.80)	0.78* (18.27)	0.77* (14.91)	0.80* (17.72)	0.79* (15.74)
Transparency Index	-0.02* (-2.05)	-0.02* (-1.90)	-0.01 (-0.45)	-0.02 (-1.57)	-0.01 (-0.91)	-0.01 (-0.81)
Openness		-0.00 (-0.79)			0.00 (0.28)	0.00 (0.18)
Financial Depth			-0.00 (-2.26)		-0.00 (-1.93)	-0.00 (-1.73)
Past Inflation				0.10 (0.65)		0.06 (0.40)
Number of observations	568	538	552	567	524	523
Sum of Sq. Res.	49	44	46	49	42	42

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month.
 Transparency is the fitted value of transparency from the first stage regression on constant and rule of law.

Table 9 b. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.75* (15.66)	0.76* (15.89)	0.74* (15.23)	0.73* (13.17)	0.76* (15.51)	0.75* (13.67)
Transparency Index	-0.01 (-0.92)	-0.01 (-0.44)	0.01 (0.58)	-0.01 (-0.63)	0.00 (0.24)	0.00 (0.29)
Openness		-0.00 (-0.96)			0.00 (0.26)	0.00 (0.15)
Financial Depth			-0.00 (-2.99)		-0.00 (-2.69)	-0.00 (-2.32)
Past Inflation				0.13 (0.81)		0.07 (0.47)
Number of observations	560	530	544	559	516	515
Sum of Sq. Res.	49	44	46	49	41	41

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month.
Transparency is the fitted value of transparency from the first stage regression on constant and political stability.

Table 9 c. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.70* (24.23)	0.73* (21.38)	0.74* (24.35)	0.69* (19.15)	0.76* (21.75)	0.74* (18.18)
Transparency Index	0.00 (0.22)	0.00 (0.69)	0.00 (1.11)	0.00 (0.48)	0.00 (1.07)	0.00 (1.13)
Openness		-0.00 (-1.41)			0.00 (0.14)	0.00 (0.02)
Financial Depth			-0.00* (-3.02)		-0.00 (-2.69)	-0.00* (-2.29)
Past Inflation				0.14 (0.86)		0.08 (0.50)
Number of observations	568	538	552	567	524	523
Sum of Sq. Res.	50	45	46	49	42	42

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month. Transparency is the fitted value of transparency from the first stage regression on constant and voice & accountability.

Table 9 d. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.76* (19.00)	0.78* (18.88)	0.75* (18.35)	0.73* (14.40)	0.76* (21.75)	0.74* (18.18)
Transparency Index	-0.01 (-1.24)	-0.01 (-1.07)	0.01 (0.58)	-0.01 (0.69)	0.00 (1.07)	0.00 (1.13)
Openness		-0.00 (-1.04)			0.00 (0.14)	0.00 (0.02)
Financial Depth			-0.00* (-2.75)		-0.00 (-2.69)	-0.00* (-2.29)
Past Inflation				0.11 (0.70)		0.08 (0.50)
Number of observations	565	535	549	564	524	523
Sum of Sq. Res.	49	44	46	49	42	42

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month.
Transparency is the fitted value of transparency from the first stage regression on constant and government effectiveness.

Table 9 e. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.72* (20.33)	0.74* (18.99)	0.74* (20.76)	0.69* (16.15)	0.74* (19.21)	0.73* (16.21)
Transparency Index	-0.00 (-0.17)	0.00 (0.28)	0.01 (0.92)	0.00 (0.14)	0.01 (0.81)	0.01 (0.88)
Openness		-0.00 (-1.34)			0.00 (0.17)	0.00 (0.05)
Financial Depth			-0.00* (-2.98)		-0.00 (-2.66)	-0.00* (-2.29)
Past Inflation				0.14 (0.83)		0.07 (0.49)
Number of observations	568	538	552	567	524	523
Sum of Sq. Res.	50	45	46	49	42	42

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month.

Transparency is the fitted value of transparency from the first stage regression on constant, rule of law and voice and accountability.

Table 9 f. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.71* (20.18)	0.74* (18.57)	0.74* (20.73)	0.69* (16.07)	0.74* (18.86)	0.73* (15.96)
Transparency Index	-0.00 (-0.14)	0.00 (0.27)	0.01 (0.85)	0.00 (0.17)	0.01 (0.77)	0.01 (0.85)
Openness		-0.00 (-1.28)			0.00 (0.29)	0.00 (0.17)
Financial Depth			-0.00* (-2.98)		-0.00 (-2.71)	-0.00* (-2.33)
Past Inflation				0.14 (0.85)		0.08 (0.50)
Number of observations	560	530	544	559	516	515
Sum of Sq. Res.	49	45	46	49	41	41

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month.

Transparency is the fitted value of transparency from the first stage regression on constant, rule of law, political stability and voice and accountability.

Table 9 g. Effect of Transparency on Inflation Persistence (instrumental variables pooled regressions)

	I	II	III	IV	V	VI
Constant	0.70* (20.67)	0.73* (18.84)	0.73* (21.04)	0.67* (16.01)	0.73* (18.90)	0.71* (15.75)
Transparency Index	0.00 (0.33)	0.01 (0.70)	0.01 (1.48)	0.01 (0.76)	0.01 (1.39)	0.01 (1.55)
Openness		-0.00 (-1.35)			0.00 (0.30)	0.00 (0.16)
Financial Depth			-0.00* (-3.15)		-0.00 (-2.85)	-0.00* (-2.46)
Past Inflation				0.15 (0.91)		0.09 (0.59)
Number of observations	560	530	544	559	516	515
Sum of Sq. Res.	49	44	46	49	41	42

* denotes significance at 5% level.

Note: Inflation persistence is the estimated coefficient of the regression where monthly inflation data is used and inflation is regressed on the inflation in the previous month. Transparency is the fitted value of transparency from the first stage regression on constant and government effectiveness.

**Table 10 a. Alternative Specification for Inflation Persistence
(dependent variable is inflation), instrumental variables pooled regressions**

	I	II	III
Constant	0.01* (3.77)	0.02* (3.19)	0.02* (3.71)
Lag_inf	1.00* (4.28)	1.00* (4.26)	0.92* (4.05)
Lag_inf* transparency	-0.16 (-1.92)	-0.16 (-1.93)	-0.15 (-1.85)
Openness		-0.00 (-0.45)	0.00* (2.451)
Financial Depth			-0.00* (-4.96)

R-Squared 0.48 0.47 0.49

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
Note: Transparency is the fitted value of transparency from the first stage regression on constant and rule of law.

**Table 10 b. Alternative Specification for Inflation Persistence
(dependent variable is inflation), instrumental variables pooled regressions**

	I	II	III
Constant	0.01* (4.58)	0.01* (2.30)	0.01* (3.75)
Lag_inf	1.44* (4.70)	1.47* (4.66)	1.40* (4.80)
Lag_inf* transparency	-0.24 (-2.61)	-0.25 (-2.66)	-0.24* (-2.76)
Openness		0.00 (1.67)	0.00* (3.23)
Financial Depth			-0.00* (-4.71)

R-Squared 0.50 0.49 0.51

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
Note: Transparency is the fitted value of transparency from the first stage regression on constant and political stability.

Table 10 c. Alternative Specification for Inflation Persistence (dependent variable is inflation), instrumental variables pooled regressions

	I	II	III
Constant	0.02* (5.64)	0.02* (4.06)	0.02* (5.09)
Lag_inf	0.90* (6.61)	0.90* (6.52)	0.86* (6.37)
Lag_inf* transparency	-0.00 (-3.13)	-0.00* (-3.14)	-0.00* (-3.21)
Openness		0.00 (0.26)	0.00* (2.76)
Financial Depth			-0.00* (-5.85)
R-Squared	0.54	0.54	0.56

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
 Note: Transparency is the fitted value of transparency from the first stage regression on constant and voice and accountability.

Table 10 d. Alternative Specification for Inflation Persistence (dependent variable is inflation), instrumental variables pooled regressions

	I	II	III
Constant	0.01* (4.76)	0.01* (3.07)	0.02* (3.76)
Lag_inf	0.18 (0.56)	0.18 (0.56)	0.15 (0.51)
Lag_inf* transparency	0.13 (1.64)	0.12 (1.63)	0.12 (1.70)
Openness		0.00 (0.07)	0.00* (2.54)
Financial Depth			-0.00* (-3.62)
R-Squared	0.44	0.43	0.46

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
 Note: Transparency is the fitted value of transparency from the first stage regression on constant and government effectiveness.

Table 10 e. Alternative Specification for Inflation Persistence (dependent variable is inflation), instrumental variables pooled regressions

	I	II	III
Constant	0.02* (5.47)	0.02* (4.05)	0.02* (4.98)
Lag_inf	1.03* (5.73)	1.03* (5.68)	0.98* (5.59)
Lag_inf* transparency	-0.17 (-2.99)	-0.17* (-3.00)	-0.16* (-3.04)
Openness		0.00 (0.15)	0.00* (2.66)
Financial Depth			-0.00* (-5.75)

R-Squared 0.54 0.53 0.55

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
 Note: Transparency is the fitted value of transparency from the first stage regression on constant, rule of law and voice and accountability.

Table 10 f. Alternative Specification for Inflation Persistence (dependent variable is inflation), instrumental variables pooled regressions

	I	II	III
Constant	0.02* (5.11)	0.02* (4.02)	0.02* (4.80)
Lag_inf	0.98* (5.54)	0.98* (5.51)	0.92* (5.41)
Lag_inf* transparency	-0.15* (-2.76)	-0.15* (-2.78)	-0.15* (-2.81)
Openness		0.00 (-0.21)	0.00* (2.48)
Financial Depth			-0.00* (-5.51)

R-Squared 0.53 0.53 0.54

* Denotes significance at 5% level. Transparency is instrumented as described in the text.
 Note: Transparency is the fitted value of transparency from the first stage regression on constant and government effectiveness.

**Table 10 f. Alternative Specification for Inflation Persistence
(dependent variable is inflation), instrumental variables pooled regressions**

	I	II	III
Constant	0.02* (3.07)	0.02* (2.69)	0.02* (3.01)
Lag_inf	0.53* (2.62)	0.53* (2.64)	0.50* (2.55)
Lag_inf* transparency	-0.04 (-0.95)	-0.04 (-1.01)	-0.04 (-1.09)
Openness		-0.00 (-0.41)	0.00* (2.44)
Financial Depth			-0.00* (-3.18)
R-Squared	0.41	0.41	0.43

* Denotes significance at 5% level. Transparency is instrumented as described in the text.

Note: Transparency is the fitted value of transparency from the first stage regression on constant, rule of law, political stability, voice and accountability and government effectiveness.