

ABSTRACT

Democracy is widely associated with higher economic growth. In order to empirically investigate the relation between democracy and growth, this study employs a sample of 105 countries during the period of 2010 to 2019. Measuring democracy using an index provided by the Economist Intelligence Unit and a fixed effects panel data method, the results show no significant effect between democracy and growth. However, when the sample is split according to continent, the results show a positive and significant effect in Asia and Australia, and a negative but not significant effect in Europe. The results might indicate a non-linear relation between democracy and growth.

Key Words: Democracy, Economic Growth

JEL: O43

