

ABSTRACT

Empirical evidence on the effect of democracy on growths is mixed. The purpose of this study is to analyze the relationship between democracy and economic growth empirically by using panel data from 130 countries in the world during the period of 2011 to 2020. Democracy is measured using a democracy index provided by the Freedom House. The results showed negative relationship between democracy and economic growth. However, when the data is grouped by continent, it is found that there is a positive relationship between democracy and economic growth in Africa, America with year fixed-effects, and Asia with country fixed-effects. Meanwhile, a negative relationship was found in America by using country fixed-effects, Asia with year fixed-effects, and Europe.

Key words: Democracy, Economic Growth

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