

Governance and Economic Growth: Evidence for Ten Asian Countries

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Abstract : This study utilizes a frequency domain approach over the period of 1996 to 2013 to examine the causal relationship between governance and economic growth in ten Asian countries, which have different levels of democracy; classified as “Free”, “Partly Free”, and “Not Free” countries. The empirical results show that there is no Granger causality running from governance to economic growth in “Not Free” countries and “Partly Free” countries with the exception of Singapore. As for “Free” countries such as South Korea and Taiwan, there is a one-way causality running from governance to economic growth. The findings of this study indicate that policy makers in South Korea, Taiwan, and Singapore could use governance index to improve their predictions of the future economic growth.

Keywords : economic growth, frequency domain, governance, granger causality

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