

ABSTRACT

This study aims to analyze the impact of the implementation of fiscal decentralization and democracy on economic growth in 34 provinces in Indonesia during the five-year implementation period, since 2015-2019. This study specifically focuses on fiscal decentralization and three measures of democracy, namely civil liberties, political rights, and democratic institutions. By using the OLS (Ordinary Least Square) Regression model approach, the results show that fiscal decentralization is significant and positively related to Regional economic growth. As for the parameters of democracy, only Civil Liberties are significant and negatively related to Regional economic growth. This means that if a region improves the quality of its fiscal decentralization and creates stability by suppressing civil liberties, it can be associated with higher economic growth.

Keywords: Fiscal Decentralization, Democracy, Regional Economic Growth.