

ABSTRACT

Studies on democracy and inequality have produced varied findings. There are still many limitations in the study of democracy both methodologically and empirically. Many empirical studies discuss the relationship over time and across countries. Krauss (2015) argue that analyzing the relationship between democracy and inequality in a particular region will make the results deeper and more robust.

This study discusses the relationship between democracy and income inequality empirically using panel data from 9 ASEAN countries during the period of 1973 to 2020. Estimation of the fixed effects panel data model and measuring democracy index published by Freedom House. This study found that there is a significant relationship between democracy and income inequality. At a time democratization will lead to an increase in income inequality. Based on these findings, democracy in ASEAN has not yet reached the point of institutionalized democracy or the phase where democracy will reduce income inequality. This study attempts to offer contextual explanations as well as mechanisms that might lead to the findings for the ASEAN region.

Keywords: inclusive democracy, political and civil liberties, democratic institutions, economic inequality, panel data, ASEAN

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