

HOW DOES DEMOCRACY AND THE RULE OF LAW PROMOTE ECONOMIC GROWTH IN DEVELOPING COUNTRIES? THE CASE OF ALBANIA

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Abstract

The rule of law is a cornerstone of contemporary constitutional and it is considered as a key factor for stable, broad-based economic growth. It encourages investment, along with entrepreneurship and business development. Different studies, based on literature review or empirical studies, have shown that confidence in the law and its application creates jobs and helps build prosperity. The rule of law increases as countries become democratic. Democratization by its self can positively influence the rule of law and plays an important role in economic growth. Democratization and the rule of law increased in the last years of the Albanians effort toward the EU membership.

The purpose of this paper is to identify the channels through democracy affect economic growth and the interrelationship between democracy and economic growth. At the same time it emphasis the role of democracy in promoting the rule of law in developing countries and Albania as a considerable case.

Keywords: democracy, rule of law, economic growth.

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