

The relationship between political regimes (Democracy and Dictatorship) and economic growth is not new to the literature of political economy. In this piece of study, we investigate implication of different economic policy variables on economic growth across political regimes. We used data from 159 nations for the time 1974-2013. In this study we apply system GMM technique to our linear dynamic panel data model. We draw three main conclusions. First is that although both regime shows that government expenditure has negative impact on economic growth, but the negative impact is relatively lower in democratic regime. Similarly, tax revenue shows significantly positive impact on economic growth in democracies while in dictatorship its impact is insignificant. Second is that money supply shows positive and significant impact on economic growth in democracies while negative and significant impact in dictatorships. Similarly, democracies are more inflationary in nature as compared to dictatorship. Third is that trade volume shows negative and significant impact on economic growth in dictatorship while positive and significant impact in democracies. In the same manner tariffs on trade shows negative impact in dictatorship but positive and significant impact on economic growth in democracies. Last a related phenomenon that is political terrorism. Political terrorism shows negative and significant impact on economic growth in dictatorship while negative but insignificant impact in democracies.

Key words; Economic growth, democratic and autocratic regimes, fiscal, monetary and trade policies and political terrorism.