

THE EFFECT OF EXTERNAL DEVELOPMENT FINANCING ON ECONOMIC GROWTH OF EMERGING MARKET COUNTRIES (E7)

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ABSTRACT

One of common characteristic of developing countries include emerging market us underdeveloped financial. External/ foreign development financing is alternative choice to achieve steady growth besides internsl development financing. The source of external development financing comes from exports, external debt, and foreign direct investment. So this research purpose to analyze the effect of external debt, trade openness and foreign direct investment to the economic growth of seven emerging market (E7) consisting of China, Brazil, Indonesia, India, Mexico, Russian, and Turkey during 2015-2019. Domestic investment and ease of doing business uses as control variable. The data used secondary data from World bank development indicator. The method of this research us regression panel data with fixed effect model. This research found that external debt had a negative significant effect on economic growth while domestic investment abd ease of doing business had a positive significant effect in the ecinomic griwth of E7 countries. Meanwhile foreign direct investment and trade openness did not significantly affect economic growth in E7 emerging market countries.

Keywords: *external debt, trade openness, foreign direct investment, economic growth*

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