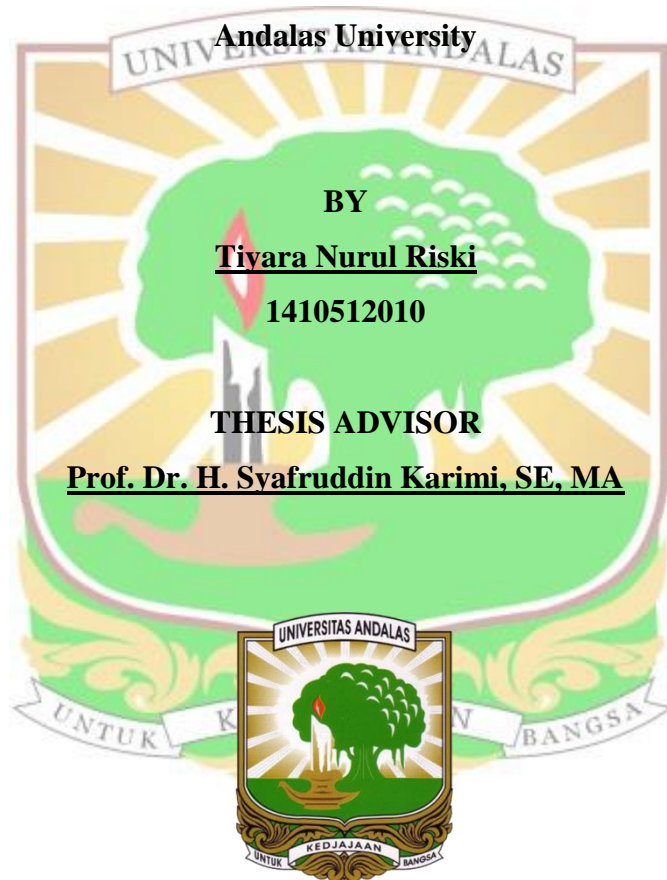


**THE EFFECT OF HYDROELECTRICITY CONSUMPTION TO ECONOMIC
GROWTH IN FIVE SELECTED ASEAN COUNTRIES**

THESIS

prepared and submitted to fulfillment of the requirements to achieve the degree of
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BY

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THE EFFECT OF HYDROELECTRICITY CONSUMPTION TO ECONOMIC GROWTH IN FIVE SELECTED ASEAN COUNTRIES

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ABSTRAK

This research explores the long-run and causal relationship between hydroelectricity consumption and economic growth for a panel of five selected ASEAN countries (Indonesia, Malaysia, Thailand, Philippines, and Vietnam) over the period 1990-2016. Applying Westerlund Co-integration and the result indicates that the variables are co-integrated, and the Granger Causality test implies bidirectional relationship in all panels between hydroelectricity consumption per capita and GDP per capita. This result supports feedback energy hypothesis which mean hydroelectricity and economic growth are interconnected each other. There is evidence only Indonesia supports feedback energy hypothesis while the other countries support neutral energy hypothesis. Based on FMOLS (*Fully Modified Ordinary Least Square*), hydroelectricity consumption per capita has 0.1068% contribution for GDP per capita.

Keywords: *Hydropower, Economic Growth, Granger Causality, Panel Co-integration.*

This thesis has been presented before the examiners in the thesis examination and successfully passed the thesis examination on April 11th, 2018.

The abstract has been approved by the advisor and examiners:

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