Abstract

This thesis serves to investigate the varying effects of public health-care expenditure and private health-care expenditure on economic growth in developed and developing countries. I have contributed to the literature by using an expansive geographical dataset, lagged variables to address endogeneity, and model averaging techniques.

I do so by first addressing the issue of model uncertainty, which is inherent in growth studies, by using Bayesian Model Averaging as the method of analysis in the thesis. Examination of 126 countries (32 developed and 94 developing) in the period 2000-2018 reveals that there is no variation in the impact of public health expenditure on economic growth between developed and developing countries. Contrary to public health expenditure, private health expenditure has a varying impact on both developed and developing countries. My analysis also reveals that the results hold when lagged variables are used in the model. Public health expenditure has unanimously a negative effect on economic growth in both developed and developing countries. Private health expenditure, on the other hand, has a positive impact on economic growth in developed and developing countries. Furthermore, I found that the results are robust to different model specifications.

JEL Classification	I15, O11, O2, O10, O50, C11
Keywords	economic growth, public health expenditure, private health expenditure, bayesian model averaging, health economics

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