

## **Does high public health expenditure slow down economic growth?**

### **ABSTRACT**

This study examines the non-monotonic relationship between public health expenditure and economic growth in 97 countries from 1981 to 2010, using the dynamic panel threshold technique. The paper contributes to existing literature by providing new evidence on the relationship between public health expenditure and economic growth. The findings show that public expenditure has a non-linear effect on economic growth. Specifically, health expenditure is beneficial to growth until a certain threshold level, above the threshold point, however; public health expenditure impedes growth. In addition, when the impact of public health expenditure on growth is contingent on life expectancy, the results reveal that below the threshold of life expectancy, health expenditure enhances growth; but any increase in longevity above the threshold, health expenditure lessens growth.

**Keyword:** Public health expenditure; Life expectancy; Economic growth; Dynamic panel threshold