

CHAPTER 3

AN EMPIRICAL ANALYSIS OF THE RELATIONSHIP BETWEEN HEALTH EXPENDITURES AND HEALTH STATUS INDICATORS IN THE COUNTRIES OF THE AFRICAN UNION

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1. INTRODUCTION

Human capital's improvement has been described as a critical catalyst for economic growth (Romer, 1996). It specifically shows that growth in human capital has positively affected the production per worker in the long run. Similarly, Grossman's (1972) model of human capital suggests that quality health significantly influences human capital development with extra working hours and benefits derived from good health. Good health not only improves the consumption and production of individuals in the short run, but also improves returns obtained from investments in efficient activities in the long run (Somi et. al., 2009).

A non-functional health system, undevelopment and underdevelopment level, the increase in outbreaks of contagious and no communicable diseases in the African continent, especially in Sub-Saharan Africa, draws the attention of health economists and encourages to conduct efficiency analyses containing African countries. On-going civil war, terror problems, race and gender discrimination, immigrant labour system, destruction of family life, large income inequalities and ultra-violence in many African countries constitute a part of Africa's troubled past, and all these factors effected health and health services and also access to health services. Macroeconomic policies encouraging growth rather than redistribution of income in countries have caused to experience economic differences between countries in contrast with the large expansion in social benefits.

Infectious diseases such as HIV and tuberculosis are among the main health problems in Africa. In addition to this, traditional economic growth theories defend that the effect of such an outbreak on growth rate and income level may be positive or negative. Most of the countries in the developing regions, especially

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the Millennium Development Goals. In addition, policy-makers need to establish an efficient public-private partnership in order to allocate health expenditures.

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