

ABSTRACT

This study aims to analyze the effect of the health budget on economic growth. Furthermore, this study also analyzes the effect of the interaction between the Health Budget and other variables such as the Inflation Rate, Foreign Direct Investment (FDI), and Political Stability in order to see the indirect effect on Economic Growth. The independent variables used in this study are the health budget, foreign investment, inflation rate and the level of political stability in. This study uses secondary data obtained from the World Bank covering 10 selected Southeast Asian countries (Indonesia, Malaysia, Singapore, Myanmar, Brunei Darussalam, Cambodia, Vietnam, Thailand, Laos, and the Philippines) in 2002-2020. Furthermore, this study uses dynamic panel data analysis using the System Generalized Method of Moments (GMM) method developed by Arellano-Bover (1995) and Blundell-Bond (1998).

The result of this study is that the health budget variable has a significant positive effect on economic growth in ASEAN countries. Furthermore, other variables such as FDI, Inflation and Political Stability also influence economic growth, but the effect of the interaction between these variables does not pass the partial significance test so that the effect cannot be stated.

Keywords: *Health Budget, Economic Growth, GMM System, Southeast Asian Countries*