

# Review of: "Financial Repercussions of Carbon Emissions and Depletion of Natural Resources: The Role of Fiscal Policy in Determining Health Expenditures"

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Potential competing interests: No potential competing interests to declare.

- There is not a clear embedding of the research problem in the literature. Where links are there undoubtedly, it is unclear to which discussion the paper contributes exactly. Emblematic of this type of writing is the phrase "The links between environmental conditions and sustainable economic development have been established in various studies.", which lacks any references whatsoever. These need to be supplemented throughout.
- The study widely speaks of an effect of the independent variables on the dependent. However, the methods are simple least squares. This means there is a significant risk of endogeneity, which is not discussed at all in the paper. (i) The relationship between natural resource depletion and health expenditures may be caused by an omitted variable bias, many of which are likely strongly correlated with time-invariant effects. A first step would be to include country-fixed effects (and not a G8 dummy). (ii) There are many opportunities for reverse or mutual causality between the independent and dependent variables. It is recommended the authors find some identification method, such as an instrumental variable, for the main explanatory variables.
- The contribution of the paper offers little new insights. Cockx and Francken (2014) have already established a negative correlation between natural resource dependence and health expenditures at the country level with a more sophisticated method. There are opportunities to build on this work, such as by considering different ways to operationalize natural resources (depletion in contrast to exports, as the authors do), but this still requires an acceptable level of econometric rigorousness. I encourage the authors to think beyond just establishing cross-country correlations, which have been found to be very problematic (see Van der Ploeg & Poelhekke, 2017).