## Abstract

Name: Francisco Tomaz Cabeleira

Master in Economics

Dissertation: Too much or too little? Assessing the optimal size of government in inclusive development.

This dissertation aims to contribute to the research on the optimal size of government when examining non-traditional economic development metrics, specifically being the first to depict evidence of the Armey Curve for the Inequality-adjusted Human Development Index (IHDI). This work also attempts to address the overlooked effects of governance by incorporating institutional quality, proxied by using the World Governance Indicators. The results, by using Fixed Effects and Two-Step System Generalised Method of Moments, provide evidence of an optimal size of government ranging from 27.22% to 32.54% for Gross Domestic Product (GDP), 33.34% to 42.20% for the Human Development Index (HDI), and lastly, 31.23% to 40.69% for IHDI.