

BURCU OZCAN

FIRAT UNIVERSITY , Turkey

THE RELATIONSHIP BETWEEN ENVIRONMENTAL QUALITY AND HEALTH EXPENDITURES

Abstract:

This study aims to analyze the relationship between health care expenditures and environmental quality for the OECD countries over for the period of 1990-2014. As proxies for environmental quality, carbon dioxide emissions (CO₂) and nitrogen oxide emissions (N₂O) rates are used. We apply a novel panel causality test developed by Kose and Emirmahmutoglu (2011). Our results indicate that there is one-way causal linkages running from health care expenditure to environmental quality and from economic growth to health care expenditure. The results indicate that economic growth leads to more health care expenditures. Besides, raising level of health care expenditures causes less greenhouse gases (GHGs) emissions rate. Based on these results, it could be suggested that developed and wealthy countries aim to reduce their GHGs emissions level while their health care expenditures are getting increase. They include environmental quality as a crucial issue in their health policies.

Keywords:

air pollution, health care expenditures, economic growth, greenhouse gases, panel causality test.

JEL Classification: I18, Q53, Q58