



Long Run Relation between Health Expenditure and GDP: a Panel Analysis

Engin ERDOGAN; Feyza ARICA

feyzarica@gmail.com
Canakkale Onsekiz Mart University

This paper presents and analyzes long run relation between per capita health expenditure (PHE) and per capita gross domestic product (PGDP) over the period from 1970-2007 for a sample of 18 OECD countries using recent developed panel co-integration techniques. Firstly we test whether health expenditure and GDP series are stationary by using first generation, second generation test and panel unit root test based on structural break (PANKPSS) advanced by Carrion-I Silvestre et al.(2005) as a final point. After investigated to presence of long-run relation between health expenditure and GDP, finally we examine whether health care expenditures are a luxury good.

Keywords: Health Care Expenditures, Cross-Section Dependency,
Panel Co-Integration