

A STUDY ON EKC THEORY: CAN ECONOMIC GROWTH COMPLEMENT THE ENVIRONMENT?

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Abstract

The aim of this paper is to prove the relevance of EKC theory in addressing the environment degradation issues. Besides that, it also aims at refuting the criticism made by the opponent of EKC by presenting the fact that a high income nation has more awareness to cater to a cleaner environment by regulating its policies as well as developing greener technologies. The findings of this paper reaffirmed the practicality of EKC studies in helping generally the developing countries to understand better and responding correctly to environment issues while pursuing economic growth. Many case studies for EKC theory were conducted in developed countries hence it holds valuable lessons for developing countries to avoid the same development path as the former. The lessons could help developing countries' policy makers to produce policies that enable economic growth while minimizing environmental degradation.

1. Introduction

Often, studies have shown that environment quality will be affected severely when a country is pursuing economic growth. However, with the extensive study and research on Environmental Kuznets Curve (EKC), it is found that the outcome of the booming economy may not necessarily cause environment degradation (Grossman & Krueger 1991;