

Environmental Degradation To Economic Growth And Sustainable Development In Developing Countries

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ABSTRACT

This study seeks to examine the relationship between environmental degradation to economic growth in developing countries. The focus on environmental degradation is on air pollution in Malaysia. This study seeks to measure the actual shape of Environmental Kuznets curve (EKC). The general objective of the study is to assess the relationship between economic growth and different indicators of air pollution in Malaysia. The income level per capita GDP (Gross Domestic Product) per capita was assessed from the year 1996 to 2005. In the EKC literature, EKC is always estimated in the form of a single equation. Nevertheless, as both income and environmental quality are endogenous variables in which they affect on each other, thus the estimation of single equation relationships where simultaneity exists will create biased and not consistent forecasts. In a conceptual model this study determines the paths through which the income affects pollution and pollution affects income. This study also develops a two-equation simultaneous model for empirical work. The cubic N-inverted shaped relationships are encountered between all indicators of air pollutants and GDP per capita in Malaysia. Air pollution nevertheless, does significantly having an impact on income.

Keywords: *Economic Growth, Environmental Kuznets Curve, Pollutants, Simultaneity*