

ECONOMIC GROWTH AND THE ENVIRONMENT IN MALAYSIA

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I. INTRODUCTION

The debate on economic growth and the environment has continued to draw considerable passio. Economists tend to be dominated by the Kuznets inverted “U” shaped curve expositions that contend that environmental conditions tend to deteriorate until a certain per capita threshold income is reached after which they will improve (see World Bank, 1992; Panayotou, 1993; Antle and Heidebrink, 1995; Seldon and Song, 1994). However, sustainable development arguments originating from green groups in the North claim that the South economies should avoid the growth path of the North so as to avoid environmental catastrophe, premised on the argument that environment costs are difficult to estimate and prices cannot be apportioned to living matter. This position is pervasively pushed at the World Trade Organization (WTO) there some insist that trade should be linked to environmental standards. To garner support from the South, there has been a push to expand development assistance to assist them to strengthen environment-friendly production capabilities. Critics argue that this effort is a double whammy for developing economies, at one level restricting the independence of South’s development policies, and at another level merely opening demand for the North’s environment-friendly technologies.