

ABSTRACT

Economic activity encourages negative externalities for the environment through the production of greenhouse gas emissions, which in turn results in environmental degradation. Environmental degradation that is not immediately addressed can bring consequences and domino effects for survival in the future. This study aims to analyze the relationship between economic growth and environmental degradation described by the EKC hypothesis. This study also examines the determinants that affect environmental degradation with independent variables such as population, industry, and FDI.

The research method used in this study is panel data regression, with the fixed effect method of the PCSE SUR approach. The observations used in this study are middle-income countries that are members of the ASEAN organization with the observation year 2003-2019.

The results show that the EKC hypothesis is proven in middle-income countries that are members of the ASEAN organization with a turning point value of 20.635. The independent variables tested such as population have a positive and significant relationship to environmental degradation, industry has a negative and significant relationship to environmental degradation, and FDI has a negative and significant relationship to environmental degradation.

Key words : EKC, environment degradation, PCSE SUR, ASEAN, middle income countries