

ABSTRACT

Sustainable development requires environmental sustainability, in order to ensure the survival of present and future generations, as well as increase economic growth. The purpose of this study was to analyze the effect of economic growth, FDI, population growth, and urbanization variables on environmental degradation in Indonesia.

This study uses time series data from 1970-2016 and the autoregressive distributed lag (ARDL) method. The purpose of using this method is to analyze the long-term and short-term relationship of the independent variable to the dependent variable. This method has the advantage that it can be applied to small samples and different stationary levels at both levels $I(0)$ and first difference $I(1)$.

The results of this study indicate that the variation of the dependent variable simultaneously can be explained by the variation of the independent variable. Partially, the variable of economic growth in the short term has a negative effect, but in the long term it has a positive effect on environmental degradation with ecological footprint indicators, thus this result confirms that in the long term the environmental curve of the Kuznetz is not proven in Indonesia. Population growth in the short term has a negative effect, while in the long term it has a positive effect on environmental degradation with ecological footprint indicators. The FDI variable in the short term has a positive effect, while in the long term it has a negative effect on environmental degradation, urbanization has a negative effect both in the short and long term on environmental degradation.

Keywords: ecological footprint, economic growth, FDI, urbanization