

EXPLORING THE DEFORESTATION VARIANT OF EKC: INTERACTING CHALLENGES AND INTEGRATIVE POLICIES

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ABSTRACT

Environmental and economic wellbeing have long formed the fundamental tenets of wholistic development. However, there lies a lot of scepticism, especially in the context of an economic crisis, whether these two noble pursuits are compatible in nature. This analysis across 100 countries in the two decades between 1995 -2015 seeks to examine this seeming trade-off between country-specific forest cover and per capita income – the latter chosen as the main development indicator. The Environmental Kuznets Curve analysis (performed on both fronts, on level and growth variables) provide support for the existence of a deforestation variant of EKC estimated roughly between USD 1908-2440 (1995 prices). The turning point (range) indicate the income level up until which forest cover (rate of per capita forest loss) falls (rises) with per capita income and rises (falls) ahead of. This prospect of the existence of a level of per capita income, beyond which the two seemingly contradicting objectives jointly move in the same direction has significant policy bearing. The results, furthermore, statistically support some of the other potential drivers of forest loss – demographic compositions, employment structures, advancements in technology, availability of capital (or lack, thereof) – providing a foundation to quantitatively and qualitatively analyse various policy challenges in the paper.

Key words: Environmental Kuznets Curve, Forest Loss, Per Capita Income, Credit, Devaluation, Employment in Agriculture, Technological Advancement.

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