

Abstract

After the Second World War, Taiwan had at beginning of industrialization dependent on the financial aid and technology innovation from America and Japan. And by 1980s, Taiwan had become manufacturing giant, and the growth seem to be well balanced. However as with all the developing countries, the amazing economic growth is not without it's price. Like most of the developing countries, Taiwan is ill prepare to deal with the problem cause by the remarkable economic growth, especially the environmental problem incurred by the industrial production.

Since 70s, Taiwan had been developing the IT industry. In 1992, price fall, firms began to look for producers whom were able to produce high quality products at low cost, and they found Taiwan with all the requirements. The feasibility of this development has not been properly investigated. Environmental problems at Hsinchu Science-based Industrial Park are traffic congestion, air pollution, groundwater and land contamination, pollution of rivers etc. Those problems result from the lack of capacity in dealing with industrial waste, imperfect information lead to ineffective regulation, lack of proper waste management.

Although there are cost and benefit to the successful high tech industry, most are ignored about the negative externality spin off from the capitalistic production; economic analysis of this problem could help us understand the issue in depth.