

The Grim Cost of Economic Growth and Environmental Degradation: A Comprehensive Panel ARDL Study of Public Debt in the ASEAN-5 Countries

Abstract

This study uses panel ARDL analysis to investigate the connections between GDP growth, environmental degradation, and public debt in the ASEAN-5 countries (Malaysia, Thailand, the Philippines, Singapore, and Indonesia) from 1996 to 2021. It appears that economic development can increase public debt, but investment can reduce public debt in the long run. Moreover, there is a positive correlation between savings and public debt, but only in the short run. These findings raise important considerations for policymakers in striking a balance between economic development, environmental sustainability, and public debt. This study also suggests that savings may positively affect public debt in Indonesia. In contrast, investment may raise debt in the short term in Malaysia, the Philippines, and Singapore. The possible effects of corruption on public debt in the Philippines and environmental damage in both that country and Thailand are also highlighted. Keeping public debt at a manageable level requires policies that balance economic development and environmental protection, as emphasized by this research.

Keywords

ASEAN; Economic Growth; Environmental Degradation; Investment; Panel ARDL; Public Debt