Business Research Proceedings

ISSN: 2993-0049 (Online)

Volume 0, Issue 0 | 10.51300/BRP-2026-9

Extended Abstract | Proceedings of the 1st International Conference on Sustainable Economies and Inclusive Growth

# Public Debt and Economic Growth: The Moderating Role of Sustainability

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KEYWORDS
*Public Debt, Economic Growth, Sustainability*

ARTICLE HISTORY
Published: 8 July 2026

This study uses a panel least squares model to examine the relationship between key macroeconomic variables, environmental sustainability, and Gross Domestic Product per capita growth across 25 countries over the period 2006-2023. In particular, it evaluates how sustainability-related factors and government spending moderate the effect of public debt on Gross Domestic Product per capita. The results indicate that public debt exerts a positive impact on Gross Domestic Product per capita, while its squared term shows a negative impact, suggesting an inverted U-shaped relationship. In addition, carbon dioxide emissions and trade openness are found to be negatively associated with Gross Domestic Product per capita. The interaction between public debt and the share of renewable energy is positive, indicating a complementary effect, whereas the interaction between public debt and government spending is negative, suggesting a dampening effect. Overall, these findings demonstrate that the impact of public debt on economic performance is contingent upon both environmental and fiscal conditions. They highlight the importance of implementing appropriate fiscal policies alongside environmental sustainability measures to support long-term economic performance.

## Funding Statement

This research received no external funding.

## Conflict of Interest

Anna-Maria Kassis declares that there is no conflict of interest regarding the publication of this paper.

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**Cite as**
Kassis, A. (2026). Public Debt and Economic Growth: The Moderating Role of Sustainability. In *Proceedings of the 1st International Conference on Sustainable Economies* (pp. 1–2). Business Research Proceedings. 10.51300/BRP-2026-9