

Social Sustainability of Public Debt in the Context of MENA Countries: Egypt, Lebanon, Morocco, Tunisia, and Turkey

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Abstract:

This study analyzes the social sustainability of the external public debt of certain countries in the Middle East and North Africa (MENA; Egypt, Lebanon, Morocco, Tunisia, and Turkey) between 1990 and 2018. Through both statistical and econometric analysis, this study assesses the impact of external public debt on the social well-being of populations. Furthermore, the statistical analysis examines the evolution of the social sustainability indicators developed by Berr and Combarrous (2007). Additionally, the econometric analysis uses the autoregressive distributed lag estimation technique on panel data. The statistical analysis shows that the external public debt service weighs heavily on public expenditure, public education, and investment. Moreover, the econometric study establishes that the external public debt ratio as a percentage of gross domestic product has a negative effect on the living conditions of the population. This study concludes that external public debt in MENA countries has been used to finance nonproductive spending that has no effect on the living conditions of populations. This paper highlights the need for a comprehensive and sustainable approach to public debt that considers the interests of both creditors and debtors. Such an approach should integrate the social and environmental consequences of external debt on the well-being and living conditions of the debtor population.

Keywords: External Public Debt, Social Sustainability, Sustainable Development, Middle East and North Africa (MENA)

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