The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Dr Ridwan D. Rusli

**Speaker**: Dr Ridwan D. Rusli  
*Visiting Scholar, Economic Growth Centre*  
*Division of Economics*  
*School of Humanities & Social Sciences*

**Topic**: “State-Owned Firms and Private Financing”

**Chairperson**: Assistant Professor Au Pak Hung  
*Division of Economics*  
*School of Humanities & Social Sciences*

**Date**: Wednesday, 26 March 2014  
**Time**: 2:30 pm – 4:00 pm  
**Venue**: HSS Meeting Room 5 (HSS-04-89)  
Nanyang Technological University  
School of Humanities and Social Sciences  
14 Nanyang Drive  
Singapore 637332

**About the Speaker:**
Dr. Ridwan D. Rusli is Visiting Scholar at the EGC and CEO of Samudra Energy, an oil exploration and production company. His research focuses on the financing and regulation of state-owned firms and public-private partnerships, on public finance and decentralization, energy and infrastructure policy. Prior to NTU he conducted research and taught public economics and IO at CREA, University of Luxembourg, and was adjunct fellow at the Lee Kuan Yew School of Public Policy, NUS. He was financial advisor to governments and companies in Asia and Europe for 19 years, with experience in sovereign debt restructurings and financings, state-owned firm restructurings and privatizations, financings and M&As in the resource, energy, infrastructure and banking sectors. Dr. Rusli holds a Diplom Chemiker degree from Technical University of Berlin, MSc degrees in chemical engineering practice and management from MIT, and a Doctorate in economic theory from University of Luxembourg.

**Abstract:**
State-owned firms, which control roughly one fifth of global stock market capitalization, pose governments with a tradeoff between pursuing strategic and development interests, and facing problems of asymmetric information and productive inefficiency. Various models have compared the benefits and costs of state- versus private ownership. We develop a model of regulated monopoly with shadow cost of public funds to analyze how private debt affects cost revelation and welfare in a state-owned firm, which is controlled by a budget-constrained government. Under adverse selection debt enhances managerial discipline and welfare if the government privatizes the firm beyond a default threshold cost level. The optimal debt level balances lower government subsidies and information rents with socially costly debt repayment and lower consumer surplus under post-liquidation monopoly. When fixed investment cost is high, the firm is funded with debt plus government equity. The welfare-optimal debt level increases in the cost of public funds but decreases with capital markets financing costs.

**Reservation:**
Admission is free. Please reply to Christina, e-mail: achristina@ntu.edu.sg or Tel: 6790-5689 to confirm your attendance.