



Nanyang Technological University

DIVISION OF ECONOMICS

Seminar Series

The Division of Economics and Economic Growth Centre invite you to a seminar by Assistant Professor Yi HUANG

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- Speaker** : **Assistant Professor Yi HUANG**
*International Economics & Pictet Chair in Finance and Development
Graduate Institute of International and Development Studies
Geneva, Switzerland*
- Topic** : **"Public Debt and Private Firm Funding: Evidence from Chinese Cities (with Ugo Panizza and Marco Pagano)"**
- Chairperson** : **Assistant Professor Qu FENG**
*Division of Economics
School of Humanities & Social Sciences*
- Date** : **3 October 2016 (Monday)**
- Time** : **4:00pm to 5:00pm**
- Venue** : **HSS Seminar Room 5 (HSS 04-89)**
*Nanyang Technological University
School of Humanities and Social Sciences
14 Nanyang Drive
Singapore 637332*

About the Speaker:

Yi HUANG is currently an assistant professor of international economics and Pictet Chair in Finance and Development and a former economist in the International Monetary Fund (IMF). Prof Huang gained his Ph.D. in International Macroeconomic and Finance from the London Business School, and has been a visiting assistant professor at the same school. His recent research focuses on the influence of corporation's financing and investment to financial market and labor market.

Abstract:

In China local public debt issuance between 2006 and 2013 crowded out investment by private manufacturing firms by tightening their funding constraints, while it did not affect state-owned and foreign firms. Using novel data for local public debt issuance, we establish this result in three ways. First, local public debt is inversely correlated with the city-level investment ratio of domestic private manufacturing firms. Instrumental variable regressions indicate that this link is causal. Second, local public debt has a larger negative effect on investment by private firms in industries more dependent on external funding. Finally, in cities with high government debt, firm-level investment is more sensitive to internal funding, also when this sensitivity is estimated jointly with the firm's likelihood of being credit-constrained. Altogether these results suggest that, by curtailing private investment, the massive public debt issuance associated with the post-2008 fiscal stimulus sapped long-term growth prospects in China.

Reservation:

Admission is free. Please reply to h-dae@ntu.edu.sg to confirm your attendance.